Annual Report 2010

Nordea Bank Danmark

Business registration number 13522197

Nordea Bank Danmark A/S is part of the Nordea Group. Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approx. 1,400 branch offices and a leading net banking position with 6.3 million e-customers and a total market capitalisation of EUR 36bn. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Contents

The following is a translation of the Danish original document. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.

Key financial figures

Business volumes, key items (DKKm)	2010	Group 2009	Change %	2008
Total operating income	18,291	17,772	3	13,727
Total operating expenses	-10,335	-10,458	-1	-8,526
Profit before loan losses	7,956	7,314	9	5,201
Net loan losses	-3,399	-5,113	-34	-1,587
Net profit for the year	3,480	1,450	140	2,721
Loans to the public, DKKbn	679	670	1	613
Deposits and borrowings from the public, DKKbn	347	324	7	316
of which savings deposits	257	248	4	270
Equity, DKKbn	33	30	10	30
Total assets, DKKbn	997	1,033	-3	900

Ratios and key figures (%)				
Return on equity	11.0	4.8		9.1
Cost/income ratio	57	59		62
Tier 1 capital ratio[1]	8.9	8.9		9.4
Total capital ratio[2]	15.4	12.0		12.4
Tier 1 capital[1], DKKm	27,621	27,885		28,775
Risk-weighted assets[1], DKKbn	310	312		305
Loan loss ratio, basis points	50.8	77.7		29.8
Number of employees[1] (full-time equivalents)	7,968	7,964		7,810

1 End of the year.
2 Total capital ratio for 2010 includes a new subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

Business volumes, key items (DKKm)	2010	Parent company 2009	Change %	2008
Total operating income	15,693	16,044	-2	11,797
Total operating expenses	-9,856	-10,131	-3	-8,246
Profit before loan losses	5,837	5,913	-1	3,551
Net loan losses	-3,172	-4,815	-34	-1,456
Net profit for the year	2,099	600	250	1,556
Loans to the public, DKKbn	361	369	-2	348
Deposits and borrowings from the public, DKKbn	348	315	10	318
Equity, DKKbn	24	22	9	23
Total assets, DKKbn	892	924	-3	750

Ratios and key figures (%)				
Return on equity	9.1	2.6		6.6
Cost/income ratio	63	63		70
Tier 1 capital ratio[1]	8.8	9.7		9.4
Total capital ratio[2]	15.6	13.2		12.5
Tier 1 capital[1], DKKm	26,711	28,411		27,818
Risk-weighted assets[1], DKKbn	305	292		298
Loan loss ratio, basis points	86.0	128.1		49.6
Number of employees[1] (full-time equivalents)	7,647	7,280		7,515

1 End of the year.
2 Total capital ratio for 2010 includes a new subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

Business definitions

These definitions apply to the descriptions in the Annual Report.

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding proposed dividend, deferred tax assets as well as intangible assets in the banking operations and half of the expected shortfall deduction, – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans. (Tier 1 capital contributions and hybrid capital loans). The core Tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction for expected shortfall.

Risk-weighted assets
Total assets and off-balance-sheet items valued on the basis of the credit and market risks as well as operational risks of the Groups undertakings, in accordance with regulations governing capital adequacy, excluding book value of shares which have been deducted from the capital base and intangible assets.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted assets. The core Tier 1 ratio is calculated as core Tier 1 capital as a percentage of risk-weighted assets.

Total capital ratio
Capital base as a percentage of risk-weighted assets.

Return on equity
Net profit for the year excluding minority interests as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid, minority interests excluded.

Cost/income ratio
Total operating expenses divided by total operating income.

Loan loss ratio
Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Abbreviations

AGM	Annual General Meeting
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
ECC	Executive Credit Committee
GEM	Group Executive Management

Nordea Bank Danmark Directors' report

Throughout this report the terms "Nordea Bank Danmark" and "NBD" refer to Nordea Bank Danmark A/S and its subsidiaries. Nordea Bank Danmark A/S is a wholly-owned subsidiary of Nordea Bank AB (publ), the parent company of the Nordea Group. The Nordea Bank AB Group is referred to as "Nordea".

Nordea Bank Danmark A/S is domiciled in Copenhagen and its business registration number is 13522197.

Group organisation

As part of Nordea, NBD operates in the banking business. All the operations of NBD are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the customer areas, encompasses the operations of NBD in their entirety.

Subsidiaries and foreign branches

The most significant subsidiaries are Nordea Kredit Realkreditaktieselskab, through which the bank carries on mortgage lending activities, and Nordea Finans Danmark A/S, through which the bank carries on financing, leasing and factoring activities.

NBD acquired Fionia Bank A/S in November 2009. Fionia Asset Company A/S's (formerly Fionia Bank) assets consist of a portfolio of bonds and a few properties. All banking activity was sold from Fionia Bank A/S to NBD as at 1 May 2010. The integration of Fionia Bank in Nordea proceeded successfully, with all branches rebranded and customers moved to NBD's systems during May 2010. All products and services are now based on the NBD platform. In connection with the transfer of its banking activity Fionia Bank returned its banking licence.

NBD has no foreign branches.

Comments on the income statement (NBD Group)

NBD's operating profit increased to DKK 4.6bn (DKK 2.2bn) (the comparative figures in brackets refer to 2009), up by 107% compared to 2009. Net profit increased by 140% to DKK 3.5bn (DKK 1.5bn). The realised post-tax return on equity was 11.0% (4.8%).

Total operating income increased to DKK 18.3bn (DKK 17.8bn), up by 3% compared to 2009. The increase is primarily due to increased net interest income and net fee and commission income. Total operating expenses decreased by 1% to DKK 10.3bn (DKK 10.5bn) primarily affected by the lower state guarantee commission expense in 4th quarter 2010. Profit before loan losses increased by 9% to DKK 8.0bn (DKK 7.3bn). Net loan losses decreased by DKK 1.7bn to DKK 3.4bn (DKK 5.1bn).

The result is largely in line with expectations.

Operating income

Total operating income increased by 3% to DKK 18.3bn (DKK 17.8bn), which is mainly related to increased net interest income and net fee and commission income.

Net interest income increased by 2% to DKK 11.6bn (DKK 11.4bn). The increase in net interest income was mainly driven by higher lending and deposit volumes in Nordic Banking. The level of lending margins increased slightly, but deposit margins were lower than in 2009. Lending to the public increased by 1% to DKK 679bn (DKK 670bn). Lending to the public excluding reversed repurchase agreements increased by 6%. Deposits from the public increased by 7% to DKK 347bn (DKK 324bn). Deposits from the public excluding repurchase agreements increased by 6%.

Net fee and commission income increased by 12% to DKK 4.0bn (DKK 3.6bn). Savings related commissions increased by 10% to DKK 2.5bn (DKK 2.3bn) mainly due to higher asset management commissions. Lending related commissions increased by 7% to DKK 0.8bn (DKK 0.8bn) due to higher lending commission and guarantees and documentary payments. Other commission income increased by 25% to DKK 0.4bn (DKK 0.3bn) due to increased securitisation fees.

Total commission expenses decreased by 8% to DKK 0.5bn (DKK 0.6bn).

Net result from items at fair value decreased by DKK 0.3bn to DKK 1.6bn (DKK 1.9bn) mainly related to NBD's own positions in Group Treasury. The strong performance in the customer-driven Capital Markets Products (CMP) from last year continued in 2010. However, the result in CMP from fixed income products decreased somewhat. Net result from shares was positively affected by a fair value adjustment of the unlisted private equity company Axcel III.

Profit from companies accounted for under the equity method decreased to DKK 0.2bn (DKK 0.3bn). Income under the equity method is primarily related to the portfolio of Nets Holding A/S and LR Realkredit. The decrease is attributable to Nets Holding A/S, whose net profit for the year is affected by costs in connection with the merger with Norwegian Nordito AS.

Other operating income increased by DKK 0.2bn to DKK 0.8bn (DKK 0.6bn) due to miscellaneous items including income from group companies.

Operating expenses

Total operating expenses decreased by 1% to DKK 10.3bn (DKK 10.5bn).

Staff costs at DKK 6.0bn (DKK 6.0bn) remained unchanged, as general wage inflation was offset by lower variable salaries, lower profit sharing and refund of payroll tax.

The number of full-time employees (FTEs) by end of the year was at the same level as last year at 7,968 (7,964). The average number of full-time equivalent positions was 7,949 (7,785).

Other expenses amounted to DKK 3.1bn (DKK 3.0bn), up by 4% compared to last year due to increased IT development and business consulting expenses. Other expenses were positive affected by VAT refunds.

Other operating expenses decreased by 25% to DKK 1.0bn (DKK 1.3bn) relating to lower guarantee commission expenses due to the expiry of the Danish state guarantee scheme on 30 September 2010.

The cost/income ratio was down to 57% compared to 59% last year due to increased income.

Loan losses

Net loan losses decreased by 34% to DKK 3.4bn (DKK 5.1bn) due to lower provisions both for individually and collectively assessed loans.

Net loan losses included losses related to the Danish state guarantee scheme (Bank Package I) of DKK 0.8bn (DKK 0.9bn). The total provision for the Danish guarantee scheme amounted to DKK 1.8bn (DKK 1.1bn).

The loan loss ratio amounted to 51 bp (78 bp). Individual net loan losses amounted to 50 bp, compared to 61 bp last year, and net collective provisions amounted to 1 bp, compared to 17 bp last year.

Net loan losses as well as impaired loans stem from small and medium-sized corporate and agriculture customers. Larger companies with globalised competition have in most cases been able to alter their business models and remain profitable, whereas this has proven much harder for small and medium-sized corporates leading to a polarisation of the portfolio.

Taxes

Income tax expense was DKK 1.1bn (DKK 0.8bn). The effective tax rate was 24% compared to 34% in 2009. The effective tax rate for 2010 is positively affected by non-taxable income from companies accounted for under the equity method and a change in earlier years' taxable income. The effective tax rate for 2009 was affected by a provision for tax claims.

Net profit

Net profit for the year increased to DKK 3.5bn compared to DKK 1.5bn last year primarily following the lower loans losses. The return on equity was 11.0% (4.8%).

Comments on the balance sheet (NBD Group)

The total balance sheet decreased by DKK 36bn to DKK 997bn (DKK 1,033bn), or 3%, during 2010. All balance sheet items in foreign currencies are translated into DKK at the actual year-end currency exchange rates. See Note 1 for more information regarding accounting policies.

In 2001 Nordea decided to implement a stepwise centralisation of some activities in Nordea Bank Finland (NBF), including transactions, risks and capital. In accordance with plans, NBD transferred at fair value a major part of Markets' portfolio of interest-bearing securities to NBF in December 2010. From December 2010 and onwards, repurchase agreements and reverse repurchase agreements are executed from NBF.

The employees in NBD keep their positions as various financial services regarding execution and controlling of fixed income products from NBD to NBF are going to be provided on a service level agreement.

Assets
Loans to credit institutions decreased by DKK 20bn to DKK 78bn (DKK 98bn). The decrease is among other things due to a decrease in NBD's portfolio of certificates of deposit.

Loans to the public increased by DKK 9bn to DKK 679bn (DKK 670bn), of which lending to corporate customers increased by DKK 3bn and lending to household customers increased by DKK 19bn. Lending to the public sector decreased by DKK 12bn.

Interest-bearing securities including financial instruments pledged as collateral decreased by DKK 53bn to DKK 121bn (DKK 174bn) due to the above-mentioned transfer of Markets' portfolio of interest-bearing securities and repurchase agreements to NBF. Interest-bearing securities excluding financial instruments pledged as collateral increased by DKK 7bn to DKK 100bn (DKK 93bn) due to the transfer of Markets portfolio of interest-bearing securities being offset by an increase in Treasury's portfolio of interest-bearing securities.

Shares at DKK 17bn (DKK 16bn) remained largely unchanged.

Other assets increased by DKK 29bn to DKK 84bn (DKK 55bn) relating to increased receivables on sold bonds compared to last year.

Liabilities
Deposits by credit institutions decreased by DKK 83bn to DKK 240bn (DKK 323bn) relating to decreased deposits from central banks of DKK 54bn and other banks of DKK 24bn.

Deposits and borrowings from the public excluding repurchase agreements increased by DKK 18bn to DKK 305bn (DKK 287bn), reflecting higher business volumes.

Debt securities in issue increased by DKK 26bn to DKK 272bn (DKK 246bn). Bonds issued by the subsidiary Nordea Kredit Realkreditaktieselskab more than compensated the redemption of notes in Nordea Bank.

Other liabilities decreased by DKK 4bn to DKK 78bn (DKK 82bn), mainly reflecting decreased sold, not held, securities compared to last year.

Provisions
The bank's provision regarding the Danish state guarantee scheme increased by DKK 0.8bn in 2010 to a total of DKK 1.8bn (DKK 1.1bn).

Equity
Shareholders' equity, including minority interests amounted to DKK 33bn at the end of 2010. Net profit for the year was DKK 3.5bn.

Annual general meeting
Shareholders´ equity for the parent company amounted to DKK 24bn at the end of 2010. The net profit of the parent company for the year amounted to DKK 2.1bn.

It is proposed that the net profit DKK 2.1bn including a transfer of DKK 1.3bn from retained earnings will be distributed by allocation of dividend of DKK 3.4bn (DKK 0.8bn). The proposed dividend payment of DKK 3.4bn is equivalent to DKK 67 (DKK 15) per share.

Nordea supports the new Danish government legislation (Bank Package III) on how to handle distressed banks after Bank Package I expired on 30 September 2010. However, due to expected EU initiatives on bank recovery, Nordea at this stage does not want to decide, whether or not to make use of the winding up scheme in Bank Package III.

The NBD Board therefore recommends to the annual general meeting on March 11 2011 not to take any decision in this respect.

Off-balance-sheet commitments (Group)

The bank's business operations include a large proportion of off-balance-sheet items. These include commercial products such as guarantees, documentary credits and credit commitments.

Credit commitments and unutilised credit lines amounted to DKK 177bn (DKK 177bn), whereas guarantees and granted but not utilised documentary credits as well as other off-balance-sheet commitments totalled DKK 31bn (DKK 34bn).

Capital adequacy and ratings

At year-end the NBD Group´s risk-weighted assets (RWA) were DKK 310bn (DKK 312bn) excluding transition rules, unchanged compared to the end of 2009.

At year-end, the NBD Group's total capital ratio was 11.9% (12.0%) and the tier 1 capital ratio was unchanged at 8.9%. The corresponding figures for the parent company were 12.0% (13.2%) and 8.8% (9.7%) in 2010.

In order to strengthen the capital base a new subordinated loan of EUR 1.45bn (approx. DKK 10.8bn) was issued in February 2011 and included in the tier 2 capital. The subordinated loan is funded by Nordea Bank Finland. Including the new subordinated loan the total capital ratio at 31 December 2010 would be 15.4% for the NBD Group and 15.6% for the NBD parent company.

The Board of Directors confirms the assumption that the bank is a going concern, and the annual financial statements have been prepared based on this assumption.

NBD's ratings are unchanged compared to December 2009.

Rating, December 2010	Short	Long
Moody's	P-1	Aa2
S&P	A-1+	AA-
Fitch	F1+	AA-
DBRS	R-1 (high)	AA

Expiry of the state guarantee

Bank Package I expired on 30 September 2010. This reduced the costs in the fourth quarter 2010. NBD does not participate in the Danish Bank Package II.

Through the Private Contingency Association the Danish banking sector has paid DKK 15bn in guarantee commission and guaranteed the payment of DKK 10bn to cover any losses under Bank Package I. According to Financial Stability A/S's report as at 30 September 2010 the loss under Bank Package I is expected to amount to approximately DKK 11bn. The Danish banking sector will therefore have to pay the total guarantee to cover losses of DKK 10bn. NBD's share of the guarantee amounts to DKK 1.8bn, which is recognised as a provision at 31 December 2010. During the life of Bank Package I NBD has paid DKK 2.7bn in guarantee commission. Including other minor contributions the total cost for NBD's participations in Bank Package I since october 2008 has been DKK 4.6bn.

Changes in the Board of Directors

Chairman Christian Clausen and vice chairman Carl-Johan Granvik resigned from their positions as members of the board as of 1 July 2010. Elected as new members of the board were Ari Kaperi and Gunn Wærsted as of 1 July. Fredrik Rystedt and Anne Rømer continue as members of the board. New chairman is Ari Kaperi and new vice chairman is Fredrik Rystedt.

Risk, liquidity and capital management

Exposure to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to loans and receivables. The maintaining of risk awareness in the organisation is incorporated into Nordea's business strategies. Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types and for the capital structure.

Management principles and control within Nordea

Board of Directors and Board Credit Committee

The Board of Directors has the ultimate responsibility for limiting and monitoring Nordea's risk exposure as well as for setting the targets for the capital ratios. Risk is measured and reported according to common principles and policies approved by the Board of Directors, which also decides on policies for credit, market, liquidity, operational risk management and the ICAAP. All policies are reviewed at least annually.

In the credit instructions, the Board of Directors decides on powers to act for credit committees at different levels within the customer areas. These authorisations vary for different decision-making levels, mainly in terms of size of limits, and are also dependent on the internal rating of customers. The Board of Directors also decides on the limits for market and liquidity risk in Nordea.

The Board Credit Committee monitors the development of the credit portfolio, including industry and major customer exposures, and confirms industry policies approved by the Executive Credit Committee (ECC).

CEO and GEM
The Chief Executive Officer (CEO) has the overall responsibility for developing and maintaining effective risk, liquidity and capital management principles and control.

The CEO in Group Executive Management (GEM) decides on the targets for Nordea's risk management regarding Structural Interest Income Risk (SIIR) as well as, within the scope of resolutions adopted by the Board of Directors, the allocation of the market risk limits and liquidity risk limits to the risk-taking units Group Treasury and Markets. The limits are set in accordance with the business strategies and are reviewed at least annually. The heads of the units allocate the respective limits within the unit and may introduce more detailed limits and other risk mitigation techniques such as stop-loss rules.

The CEO and GEM regularly review reports on risk exposures and have established the following committees for risk, liquidity and capital management:

- The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning Nordea's financial operations, financial risks as well as capital management for decision by the CEO in GEM.
- The Risk Committee, chaired by the Chief Risk Officer (CRO), monitors developments of the different risks on an aggregated level.
- The GEM credit committee and the ECC, both chaired by the CRO, and the Group Credit Committee (GCC), chaired by the Chief Credit Officer (CCO), decide on major credit risk limits and industry policies for Nordea. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

CRO and CFO
Two units, Group Risk Management and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management. Group Risk Management, headed by the CRO, is responsible for the risk management framework, risk processes as well as the capital adequacy framework. Group Corporate Centre, headed by the CFO, is responsible for the capital policy, the composition of the capital base and for management of liquidity risk and structured interest income risk. Each customer area and product area are primarily responsible for managing the risks in its operations within the applicable limits and framework, including identification, control and reporting.

Monitoring and reporting
The control environment in Nordea is based on the principles of segregation of duties. Monitoring and reporting of risk is conducted on a daily basis for market and liquidity risk, on a monthly and quarterly basis for credit risk and on a quarterly basis for operational risk.

Risk reporting is regularly made to GEM and to the Board of Directors. Group Internal Audit makes an independent evaluation of the processes regarding risk and capital management in accordance with the annual audit plan.

The Pillar 3 disclosure – Capital and risk management report
More detailed information on risk and capital is presented in accordance with the Pillar 3 requirements of the CRD in the Basel II framework at www.nordea.com.

According to "Bekendtgørelse om ledelse og styring af pengeinstitutter m.fl." Nordea has appointed a Chief Risk Officer for NBD. The Chief Risk Officer reports to the Executive Management in NBD and is responsible for the overall Risk Management coordination in NBD.

Risk management

Credit risk management
Group Risk Management is responsible for the credit risk management framework, consisting of policies, instructions and guidelines for Nordea.

Each customer area and product area are primarily responsible for managing the credit risks in its operations, while Group Risk Management consolidates and monitors the credit risks on both Group and sub-levels.

Within the powers to act granted by the Board of Directors, credit risk limits are approved by decision-making authorities on different levels in the organisation.

The credit decision-making structure has been adjusted effective from the fourth quarter of 2010. The new Group Executive Management Credit Committee (GEM CC) has been added to decide on proposals containing major principle issues and the power to act for the Group Credit Committee has been increased. The changes will only impact the credit committees on Group level (ECC and GCC), and not the credit committees in the customer areas. The responsibility for a credit exposure lies with the customer responsible unit. Customers are assigned a rating or score in accordance with the Nordea framework for quantification of credit risk.

Credit risk definition and identification

Credit risk is defined as the risk of loss if counterparts fail to fulfil their agreed obligations and the pledged collateral does not cover the claims. Credit risk stems mainly from various forms of lending, but also from guarantees and documentary credits, counterparty credit risk in derivatives contracts, transfer risk attributable to the transfer of money from another country and settlement risk. Risks in specific industries are followed by industry monitoring groups and managed through industry policies, which establish requirements and limits on the overall industry exposure.

Credit risk appetite

Nordea has defined its credit risk appetite as an expected loan loss level of 25 bp over the cycle. Net loan losses over the past years show an average not exceeding this level.

Individual and collective assessment of impairment

Throughout the process of identifying and mitigating credit impairments, Nordea works continuously to review the quality of credit exposures. Weak and impaired exposures are closely and continuously monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for write downs.

An exposure is impaired, and a write-down is recognised, if there is objective evidence based on loss events or observable data that the customer's future cash flow has weakened to the extent that full repayment is unlikely, collateral included. The size of the write down is equal to the estimated loss being the difference between the carrying amount and the discounted value of the future cash flow, including the value of pledged collateral. Impaired exposures can be either performing or non-performing. Exposures that have been past due more than 90 days are automatically regarded as non-performing and reported as non-performing and impaired or not impaired depending on the deemed loss potential.

In addition to individual impairment testing of all individually significant customers, collective impairment testing is performed for groups of customers that have not been found to be impaired on individual level. Collective impairment is based on the migration of rated and scored customers in the credit portfolio as well as management judgement. The assessment of collective impairment reacts to up- and down-ratings of customers as well as new customers and customers leaving the portfolio. Also customers going to and from default affect the calculation. Collective impairment is assessed quarterly for each legal unit. The rationale for this two-step procedure with both individual and collective assessment is to ensure that all incurred losses are accounted for up to and including each balance sheet day.

Further information on credit risk is presented in Note 49.

Credit portfolio

Credit risk exposure is measured and presented as the principle amount of on-balance-sheet claims, that is loans to credit institutions and the public, and off-balance-sheet potential claims on customers and counterparts, net after allowances. NBD's total credit risk exposure has decreased by 6% to DKK 1,088bn during 2010 (DKK 1,156bn). The largest credit risk exposure is loans to the public, which in 2010 increased by 1% to DKK 679bn (DKK 670bn).

Loans to corporate customers at the end of 2010 amounted to DKK 400bn (DKK 397bn), an increase of 1%, while lending to household customers increased by 7% to DKK 272bn (DKK 254bn). The portion of total lending to the public going to corporate customers was 59% (59%) and to household customers 40% (38%). Loans to credit institutions, mainly in the form of inter-bank deposits, amounted to DKK 78bn at the end of 2010 (DKK 98bn).

Loans to corporate customers

The main increases in the lending portfolio were in the sectors "Industrial commercial services", "Real estate", "Financial institutions" as well as in "Consumer staples (food, agriculture etc.)". Financial institutions remains the largest sector in NBD's lending portfolio, at DKK 99bn (DKK 97bn). The portfolio predominantly comprises relatively large and financially strong companies.

The distribution of loans to corporates by size of loan shows a high degree of diversification where approx 52% (50%) of the corporate volume is for loans on a scale of up to EUR 50m per customer. See Note 49. This distribution has been relatively stable in recent years.

Credit risk mitigation is an inherent part of the credit decision process. In every credit decision and review the valuation of collateral is considered as well as the adequacy of covenants and other risk mitigations.

Pledging of collateral is the main credit risk mitigation technique. In corporate exposures, the main collateral types are real estate mortgages, floating charges and leasing objects. Collateral coverage is higher for exposures to financially weaker customers than for those who are financially strong.

Regarding large exposures, syndication of loans is the primary tool for managing concentration risk while credit risk mitigation by the use of credit default swaps has been applied to a limited extent.

Covenants in credit agreements do not substitute collaterals but are an important complement to both secured and unsecured exposures. Most exposures of substantial size and complexity include appropriate covenants. Financial covenants are designed to react to early warning signs and are carefully monitored.

Loans to household customers

In 2010, mortgage loans and consumer loans increased to DKK 185bn and DKK 88bn respectively. The proportion of mortgage loans of total household loans was 68% (69%). Collateral coverage is high for mortgage loans to household customers, whereas consumer loans to this segment have a lower degree of collateral.

Geographical distribution

Lending to the public by borrower domicile shows that the Nordic market accounts for 93% (93%) of which Denmark accounts for 91%. Other EU countries represent the main part of lending outside the Nordic countries.

Rating and scoring distribution

One way in which credit quality can be assessed is through analysis of the distribution across rating grades, for rated corporate customers and institutions, as well as risk grades for scored

Nordea Bank Danmark Group

Credit risk exposure and loans
(excluding cash and balances at central banks and settlement risk exposure)

DKKm	31 Dec 2010	31 Dec 2009
To credit institutions	77,898	97,826
To the public	679,315	669,735
- of which corporate	400,270	397,069
- of which household	272,400	253,610
- of which public sector	6,645	19,056
Total loans	**757,213**	**767,562**
Off-balance credit exposure[1]	207,891	211,000
Counterparty risk exposure[2]	4,993	4,538
Interest-bearing securities[3]	117,670	173,043
Total credit risk exposure in the banking operations	**1,087,767**	**1,156,143**

[1] Of which for corporate customers approx 90%.
[2] After close-out netting and collateral agreements, including current market value exposure as well as potential future exposure.
[3] Includes interest-bearing securities pledged as collateral in repurchase agreements.

Nordea Bank Danmark Group
Loans to the public by industry

DKKm	31 Dec 2010	31 Dec 2009
Energy (oil, gas etc)	24	19
Metals and mining materials	122	123
Paper and forest materials	1,980	1,825
Other materials (chemical, building mat etc)	6,536	6,591
Industrial capital goods	4,550	5,177
Industrial commercial services etc	52,467	45,190
Construction and engineering	9,638	9,239
Shipping and offshore	10,292	11,105
Transportation	5,904	6,605
Consumer durables (cars, appliances etc)	4,042	4,351
Media and leisure	7,388	7,737
Retail trade	33,371	31,787
Consumer staples (food, agriculture etc)	62,541	60,472
Health care and pharmaceuticals	6,455	7,560
Financial institutions	98,873	96,776
Real estate management and investment	48,530	41,865
IT software, hardware and services	6,810	5,672
Telecommunication equipment	77	107
Telecommunication operators	1,988	2,686
Utilities (distribution and production)	7,783	5,868
Other, public and organisations	30,899	46,312
Corporate	**400,270**	**397,069**
Household mortgages	184,607	173,809
Household consumer	87,793	79,801
Public sector	6,645	19,056
Total	**679,315**	**669,735**

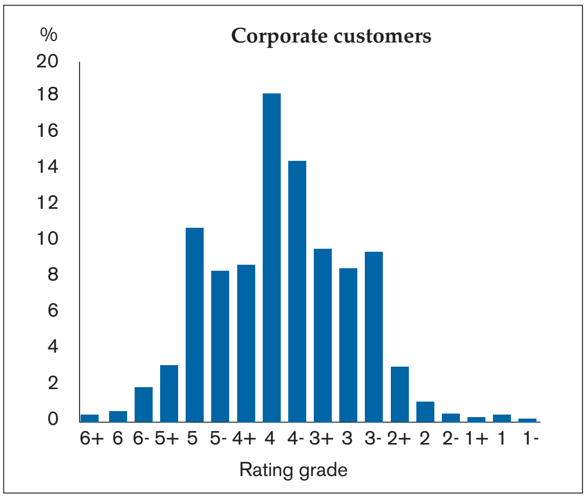
household and small business customers, that is retail exposures.

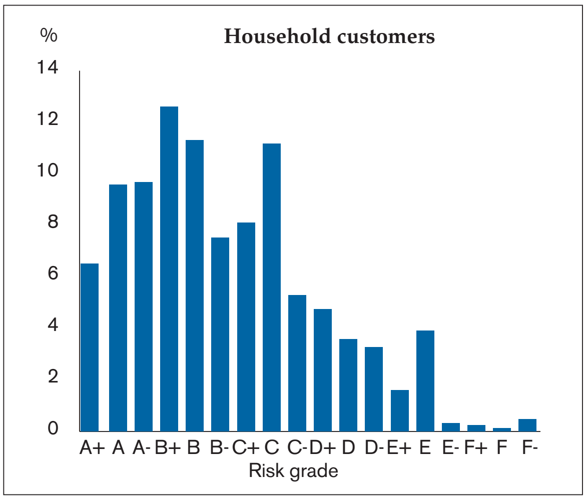
Following the economic recovery, improving credit quality was seen in 2010, mainly in the corporate credit portfolio. 67% (59%) of the corporate exposure was rated 4– or higher, with an average rating for this portfolio of 4. Institutions and retail customers on the other hand exhibit a distribution that is biased towards the higher rating grades. The proportion of institutional exposure rated 5- or higher was 98% (96%). 82% (81%) of the retail exposure was scored C- or higher, which indicates a probability of default of 1,2% or lower. Impaired loans are not included in the rating/scoring distributions.

Impaired loans

Impaired loans gross increased during the year to DKK 13,236m from DKK 10,009m, corresponding to 173 bp of total loans. 71% of impaired loans gross are performing loans and 29% are non-performing loans. Impaired loans net after allowances for individually assessed impaired loans amounted to DKK 7,989m (DKK 5,769m), corresponding to 105 bp of total loans. Allowances for individually assessed loans increased to DKK 5,247m from DKK 4,240m.

Nordea Bank Danmark Group
Exposure 31 Dec 2010, distributed by rating/risk grades





Allowances for collectively assessed loans increased to DKK 1,975m from DKK 1,894m. The provisioning ratio was 55% (61%). The sectors with the largest increases in impaired loans were "Consumer staples", "Household consumer lending" and "Retail trade" as well as "Other, public and organisations".

Past due loans to corporate customers that are not considered impaired increased to DKK 10,125m (DKK 6,645m). The volume of past due loans to household customers decreased to DKK 2,846m (DKK 3,249m) in 2010, see Note 49.

Net loan losses

Net loan losses were DKK 3,399m in 2010 (DKK 5,113m). This corresponds to a loan loss ratio of 51 bp, including 11 bp of provisions related to the Danish guarantee scheme. DKK 2,241m

(DKK 4,202m) relates to corporate customers and DKK 1,158m (DKK 911m) relates to household customers. The main losses were in the corporate sectors "Retail trade", "Industrial commercial services etc." and "Financial Institutions". The loan loss ratio in NBD Nordic Banking was 64 bp (94 bp). Net loan losses as well as impaired loans continue to stem from a large number of smaller and medium-sized exposures rather than from a few large exposures.

Counterparty risk

Counterparty risk is the risk that Nordea's counterpart in a FX, interest rate, commodity, equity or credit derivative contract defaults prior to the maturity of the contract and that Nordea at that time has a claim on the counterpart. The net counterparty credit risk exposure at the end of 2010 was DKK 4.99bn, of which the current exposure represents DKK 2.1bn. 94.5% of the total exposure and 97.5% of the current exposure were towards Financial institutions.

Market risk

Market risk is the risk of a loss in the market value of financial instruments as a result of movements in financial market variables. The customer-driven trading activity of Nordea Markets and the investment and liquidity buffer and funding activities in Group Treasury are the key contributors to market risk. For most other activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance-sheet items.

Market risk appetite

The Board of Directors of Nordea has formulated market risk appetites for Nordea as a whole,

Nordea Bank Danmark Group
Loans to the public, impaired loans gross and allowances, by industry

DKKm, 31 Dec 2010	Impaired loans	Allowances	Provisioning ratio %
Energy (oil, gas etc)	0	0	-
Metals and mining materials	1	1	-
Paper and forest materials	51	9	17.4
Other materials (chemical, building materials etc)	220	154	70.0
Industrial capital goods	582	166	28.6
Industrial commercial services etc	647	494	76.3
Construction and engineering	610	294	48.1
Shipping and offshore	302	146	48.4
Transportation	157	108	68.5
Consumer durables (cars, appliances etc)	560	261	46.6
Media and leisure	288	135	46.9
Retail trade	1,316	890	67.6
Consumer staples (food, agriculture etc)	2,735	1,064	38.9
Health care and pharmaceuticals	44	27	61.7
Financial institutions	736	521	70.8
Real estate management and investment	1,272	428	33.7
IT software, hardware and services	272	120	44.0
Telecommunication equipment	1	1	90.4
Telecommunication operators	4	6	154.8
Utilities (distribution and production)	5	21	418.3
Other, public and organisations	999	576	57.6
Corporate	**10,802**	**5,422**	**50.2**
Household mortgages	156	177	113.9
Household consumer	2,278	1,623	71.3
Public sector	0	0	-
Total	**13,236**	**7,222**	**54.6**

Nordea Bank Danmark Group
Impaired loans, allowances and ratios

	2010	2009
Gross impaired loans, DKKm	13,236	10,009
of which performing	9,386	7,116
of which non-performing	3,850	2,893
Total allowance rate	**0.9%**	**0.8%**
Provisioning ratio	54.6%	61.3%

Nordea Bank Danmark Group
Net loan losses and loan loss ratios, bp

	2010	2009
Loan losses, DKKm	3,399	5,113
Loan loss ratio	50.8	77.7
of which individual	49.8	60.7
of which collective	1.0	17.0
Loan loss ratio, Nordic Banking	63.5	93.8

covering the investment and liquidity buffer and funding activities of Group Treasury and the trading activities of Nordea Markets. For Group Treasury, market risk-related activities may not lead to a reported monthly loss in investment earnings exceeding EUR 150m or an accumulated loss exceeding EUR 250m at any time in a calendar year. Compliance with the risk appetite is ensured by market risk limits and stop-loss rules. For the trading activities in Nordea Markets, the risk appetite and the market risk limits are set in relation to the earnings these activities generate.

Market risk analysis

The total VaR was DKK 256m (DKK 573m) at the end of 2010, demonstrating a considerable diversification effect between interest rate, equity, credit spread and foreign exchange risk, as the total VaR is lower than the sum of the risk in the four categories.

The total interest rate VaR ended 2010 at DKK 208m (DKK 489m). The net interest rate sensitivity was DKK -521m (DKK -1,473m) and the largest part of NBD's interest rate sensitivity stemmed from interest rate positions in Danish Kroner and Swedish Kronor. The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of NBD's interest rate sensitive positions if interest rates were to move adversely for Nordea, was DKK 1,454m (DKK 1,514m) at the end of 2010.

At the end of 2010, NBD's equity VaR stood at DKK 86m (DKK 276m).

Credit spread VaR ended 2010 at DKK 0.1m (DKK 0.1m).

NBD's foreign exchange VaR was DKK 20m (DKK 8m) at year-end.

The portfolio of less liquid alternative investments constituted a fair value of DKK 4,942m (DKK 2,781m) at year-end. The net fair value of investments in hedge funds was DKK 1,780m (DKK 1,463m) at year-end, the fair value of investments in private equity funds was DKK 2,610m (DKK 1,318m), and the fair value of investments in credit funds was DKK 552m. All three types of investments are spread over a number of funds.

Operational risk

Operational risk is defined as the risk of direct or indirect loss, or damaged reputation, resulting from inadequate or failed internal processes, from people and systems, or from external events. Operational risk includes compliance risk which is the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics.

Managing operational risk is part of the management's responsibilities. Nordea's network of Risk and Compliance Officers ensures that operational and compliance risk within Nordea is managed effectively in the business organisation, which represents the first line of defence.

In order to manage these risks Group Operational Risk Management, representing the second line of defence, has defined a common set of standards in the form of Group directives, active risk management processes and reporting requirements. The aim is a sound risk management culture with the objective of adhering to best practice regarding market conduct and ethical standards in all business activities. The key process for active risk management is the annual risk self-assessment process, which puts focus on identifying and following up on key risks, which are identified both through top-down division management involvement and bottom-up reuse of existing information from processes such as incident reporting, quality and risk analyses and product approvals.

Nordea Bank Danmark Group
Consolidated market risk figures

DKKm	Measure	31 Dec 2010	2010 high	2010 low	2010 avg	31 Dec 2009
Total Risk	VaR	255.5	720.9	90.3	322.7	572.9
- Interest rate risk	VaR	208.4	492.0	63.2	208.3	488.7
- Equity risk	VaR	86.0	453.2	42.3	190.5	276.4
- Credit spread risk	VaR	0.1	20.9	0.1	1.9	0.1
- Foreign exchange risk	VaR	20.1	33.6	5.8	15.1	8.3
Diversification effect	VaR	19%	54%	10%	25%	26%

Group Internal Audit, representing the third line of defence, provides assurance to the Board of Directors on the risk management, control and governance processes.

Liquidity management

Liquidity risk

Key issues during 2010

Nordea has during 2010 continued to benefit from its focus on prudent liquidity risk management, reflected by a diversified and strong funding base. Nordea had access to all relevant financial markets and was able to actively use all the funding programmes.

Extensive discussions on new liquidity risk regulation are ongoing among regulators, and Nordea is tightly participating in the discussions on several forums and is well prepared for potential changes.

Management principles and control

The Board of Directors of Nordea has the ultimate responsibility for the asset and liability management of the Group i.e. limiting and monitoring Nordea's structural risk exposures.

Risks in Nordea are measured and reported according to common principles and policies approved by the Board. The Board of Directors also decides on policies for liquidity risk management. These policies are reviewed at least annually.

The CEO in GEM decides on the targets for Nordea's risk management regarding SIIR, as well as, within the scope of the resolutions adopted by the Board of Directors, the allocation of liquidity risk limits.

The Asset and Liability Committee (ALCO), chaired by the CFO, prepares issues of major importance concerning Nordea's financial operations and financial risks for decision by CEO in GEM.

Group Treasury operationalises the targets and limits and develops the liquidity risk and SIIR management frameworks, which consists of policies, instructions and guidelines for the whole Group.

Liquidity risk management

Liquidity risk is the risk of being able to meet liquidity commitments only at increased cost or, ultimately, being unable to meet obligations as they fall due. Nordea's liquidity management is based on policy statements resulting in different liquidity risk measures, limits and organisational procedures.

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude towards liquidity risk. Nordea strives to diversify the Group's sources of funding and seeks to establish and maintain relationships with investors in order to manage market access.

A broad and diversified funding structure is reflected by the strong presence in Nordea's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Special focus is on the composition of the investor base in terms of geographical range and rating sensitivity.

Nordea publishes adequate information on the liquidity situation of Nordea to remain trustworthy at all times.

Nordea's liquidity risk management includes stress testing and a business continuity plan for liquidity management.

Stress testing is defined as the evaluation of potential effects on a bank's liquidity situation under a set of exceptional but plausible events. The stress test should identify events or influences that could affect the funding need or the funding price and seek to quantify the potential effects. The purpose of stress tests is to supplement the normal liquidity risk measurement and confirm that the business continuity plan is adequate in stressful events, and that the business continuity plan properly describes procedures to handle a liquidity crisis with minimal damage to Nordea. Nordea stress scenarios are based on an assessment of the particular events to which Nordea is presumed to be most vulnerable to take into account the current business structure and environment.

Nordea´s stress tests cover both idiosyncratic and market wide scenarios, as well as the combination of these.

Group Treasury is responsible for managing liquidity in Nordea and for compliance with the group-wide limits from the Boards of Directors, the CEO in GEM and ALCO.

Liquidity risk measurement methods

Liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to measure the exposure on both horizons, a number of liquidity risk measures have been developed covering all material sources of liquidity risk.

In order to avoid short-term funding pressures, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Cash flows from both on-balance-sheet and off-balance-sheet items are included.

The funding gap risk is measured and limited for each currency and as a total figure for all currencies combined. The total figure for all currencies combined is limited by the Board of Directors.

To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. The limit is set by the Board of Directors for the minimum size of the liquidity buffer.

The liquidity buffer is set to ensure a total positive cash flow defined by the funding risk measurement and consists of high-grade liquid securities that can be sold or used as collateral in funding operations. The structural liquidity risk of Nordea is measured and limited by the Board of Directors through the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity longer than 6 months, and shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 6 months and committed facilities.

ALCO has set as a target that the net balance of stable funding should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis

The short-term liquidity risk was held at moderate levels throughout 2010. The average funding gap risk, that is the average expected need for raising liquidity in the course of the next 14 days, was DKK -34bn (DKK -17bn). Nordea's liquidity buffer was in the range DKK 92 - 170bn

Nordea Bank Danmark Group

SIIR Risk, Gap analysis, 31 Dec 2010
Re-pricing gap for increasing interest rates

Interest Rate Fixing Period DKKm	Balance sheet	Within 3 months	3-6 months	6-12 months	1-2 years	2-5 years	>5 years	Non re-pricing	Total
Assets									
Interest-bearing assets	**878,094**	592,003	17,136	44,349	15,692	20,642	136,769	51,503	878,094
Non interest-bearing assets	**118,637**	-	-	-	-	-	-	118,637	118,637
Total assets	**996,731**	**592,003**	**17,136**	**44,349**	**15,692**	**20,642**	**136,769**	**170,140**	**996,731**
Liabilities									
Interest-bearing liabilities	**867,960**	610,748	11,890	28,463	34,866	19,749	133,731	28,513	867,960
Non interest-bearing liabilities and equity	**128,771**	-	-	-	-	-	-	128,771	128,771
Total liabilities and equity	996,731	**610,748**	**11,890**	**28,463**	**34,866**	**19,749**	**133,731**	**157,284**	**996,731**
Off-balance sheet items, net		**12,241**	**2,449**	**-6,566**	**-4,928**	**-1,339**	**-1,857**		
Exposure		**-6,504**	**7,695**	**9,320**	**-24,103**	**-446**	**1,181**	**12,856**	
Cumulative exposure			**1,191**	**10,512**	**-13,591**	**-14,037**	**-12,856**	**-**	

(DKK 68 - 141bn) throughout 2010 with an average of DKK 116bn (DKK 103bn). Nordea considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular.

Structural Interest Income Risk (SIIR)

SIIR is the amount by which Nordea's accumulated net interest income would change during the next 12 months if all interest rates changed by 1 percentage point. SIIR reflects the mismatch in the balance sheet items and the off-balance-sheet items when the interest rate repricing periods, volumes or reference rates of assets, liabilities and derivatives do not match exactly. Nordea's SIIR management is based on policy statements resulting in different SIIR measures, targets and organisational procedures. Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, the identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information. Group Treasury has the responsibility for the operational management of SIIR and for complying with Group-wide targets.

SIIR measurement methods

The basic measures for SIIR are the two re-

Cash flow analysis

Group

31 Dec 2010, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	298,544	102,270	204,432	459,029	**1,064,275**
Non-interest-bearing financial assets	-	-	-	118,637	**118,637**
Total financial assets	**298,544**	**102,270**	**204,432**	**577,667**	**1,182,913**
Interest-bearing financial liabilities	660,603	77,405	95,708	158,059	**991,775**
Non-interest-bearing financial liabilities	-	-	-	128,771	**128,771**
Unrecognised guarantees and documentary credits	31,093	-	-	-	**31,093**
Unrecognised credit commitments	176,798	-	-	-	**176,798**
Total financial liabilities	**868,494**	**77,405**	**95,708**	**286,830**	**1,328,437**
Derivatives, cash inflow	10	4,074	165	83	**4,332**
Derivatives, cash outflow	-65	-4,231	-1,166	-609	**-6,071**
Net exposure	**-55**	**-157**	**-1,001**	**-526**	**-1,739**
Exposure	**-570,005**	**24,709**	**107,722**	**290,310**	**-147,264**
Cumulative exposure	**-570,005**	**-545,296**	**-437,574**	**-147,264**	

The table is based on contractual maturities for on-balance-sheet financial instruments. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities, as derivatives are managed on a net basis. Interest bearing financial assets and liabilities include interest on cash flows.

31 Dec 2009, DKKm	Within 3 months	3-12 months	1-5 years	>5 years	Total
Interest-bearing financial assets	301,105	89,836	292,284	478,979	**1,162,204**
Non-interest-bearing financial assets	-	-	-	89,415	**89,415**
Total financial assets	**301,105**	**89,836**	**292,284**	**568,394**	**1,251,619**
Interest-bearing financial liabilities	655,719	54,253	119,265	204,137	**1,033,373**
Non-interest-bearing financial liabilities	-	-	-	130,675	**130,675**
Unrecognised guarantees and documentary credits	34,411	-	-	-	**34,411**
Unrecognised credit commitments	176,589	-	-	-	**176,589**
Total financial liabilities	**866,719**	**54,253**	**119,265**	**334,812**	**1,375,048**
Derivatives, cash inflow	82	126	186	74	**469**
Derivatives, cash outflow	-89	-335	-744	-394	**-1,563**
Net exposure	**-7**	**-208**	**-558**	**-320**	**-1,094**
Exposure	**-565,620**	**35,375**	**172,461**	**233,262**	**-124,523**
Cumulative exposure	**-565,620**	**-530,245**	**-357,785**	**-124,523**	

pricing gaps measuring the effect on Nordea's net interest income for a 12-month period of a 1 percentage point increase, or decrease, in all interest rates. The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period. The main elements of customer behaviour and Nordea's decision-making process concerning Nordea's own rates are, however, taken into account. For example in a low interest rate environment, when rates are decreasing further, the total decrease of rates cannot be applied to non-maturity deposits since rates cannot be negative. Similarly in an increasing interest rate environment Nordea may choose not to increase interest rates on all customer deposits correspondingly.

SIIR analysis
At the end of the year, the SIIR for decreasing market rates was DKK 799m (DKK 551m) and the SIIR for increasing rates was DKK 49m (DKK 231m). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

Capital management

Capital management
Nordea strives to attain efficient use of capital through active management of the balance sheet with respect to different asset, liability and risk categories.

The goal is to enhance returns to the shareholder while maintaining a prudent capital structure.

Individual solvency need
Information regarding the individual solvency need for the Nordea Bank Danmark Group and Nordea Bank Danmark A/S can be found at www.nordea.dk or at the investor relation webpage at www.nordea.com

Capital governance
The Board of Directors decides ultimately on the targets for capital ratios and the capital policy of Nordea. The CEO in GEM decides on the overall framework of capital management.

Nordea's ability to meet targets and to maintain minimum capital requirements is reviewed regularly within the Asset and Liability Committee (ALCO).

Pillar 1
Risk weighted assets (RWA) are calculated based on Pillar 1 requirements. NBD had 91% of the exposure covered by Internal Rating Based (IRB) approaches by the end of 2010. Nordea will implement the IRB approach for some remaining portfolios.

Nordea is also approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for the major part of the market risk in the trading books. For operational risk, the standardised approach is applied.

Pillar 2
Nordea bases the internal capital requirements under the Internal Capital Adequacy Assessment Process (ICAAP) on Pillar 1 and Pillar 2 risks, which in practice means a combination of Capital Requirements Directive (CRD) risk definitions, Nordea's Economic Capital (EC) framework and buffers for periods of economic stress.

The ICAAP describes Nordea's management, mitigation and measurement of material risks and assesses the adequacy of internal capital by defining an internal capital requirement reflecting the risk appetite of the institution.

EC is based on quantitative models used to estimate the unexpected losses for each of the following major risk types: credit risk, market risk, operational risk and business risk. Additionally, the EC models explicitly account for interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's sponsored defined benefit pension plans, real estate risk and concentration risk.

In addition to calculating risk capital for its various risk types, Nordea conducts a comprehensive capital adequacy stress test process to analyse the effects of a series of global and local shock scenarios. The results of stress testing are considered, along with potential management intervention, in Nordea's internal capital requirement. The internal capital requirement is a key component of Nordea's capital ratio target setting.

Economic Profit (EP)
Nordea uses EP as one of its financial performance indicators. EP is calculated as risk-adjusted profit less cost of equity.

Risk-adjusted profit and EP are measures for shareholder value creation.

In investment decisions and customer relationships, EP drives and supports the right behaviour with a balanced focus on income, costs and risk. The EP model also captures both growth and return. EC and expected losses (EL) are input in the EP framework.

Capital adequacy ratios

Group

DKKbn	31 Dec 2010	31 Dec 2009
RWA Basel II (Pillar 1) excluding transition rules	310	312
RWA including transition rules	409	390
Regulatory capital requirement including transition rules	33	31
Tier 1 capital	28	28
Capital base	37	37
Core tier 1 ratio excluding transition rules (%)	8.9	8.9
Core tier 1 ratio including transition rules (%)	6.8	7.1
Tier 1 ratio excluding transition rules (%)	8.9	8.9
Tier 1 ratio including transition rules (%)	6.8	7.1
Total capital ratio excl transition rules incl new subordinated loan[1] (%)	15.4	12.0
Total capital ratio excluding transition rules (%)	11.9	12.0
Total capital ratio including transition rules (%)	9.0	9.6
Capital base / Regulatory capital requirement including transition rules (%)	112.8	119.9

[1] Total capital ratio at 31 December 2010 includes a new subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

Parent company

DKKbn	31 Dec 2010	31 Dec 2009
RWA Basel II (Pillar 1) excluding transition rules	305	292
RWA including transition rules	363	345
Regulatory capital requirement including transition rules	29	28
Tier 1 capital	27	28
Capital base	37	39
Core tier 1 ratio excluding transition rules (%)	8.8	9.7
Core tier 1 ratio including transition rules (%)	7.3	8.2
Tier 1 ratio excluding transition rules (%)	8.8	9.7
Tier 1 ratio including transition rules (%)	7.3	8.2
Total capital ratio excl transition rules incl new subordinated loan[1] (%)	15.6	13.2
Total capital ratio excluding transition rules (%)	12.0	13.2
Total capital ratio including transition rules (%)	10.1	11.2
Capital base / Regulatory capital requirement including transition rules (%)	125.7	139.9

[1] Total capital ratio at 31 December 2010 includes a new subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

Capital base

Capital base (referred to as own funds in the CRD) is the sum of tier 1 capital and tier 2 capital after deductions.

Tier 1 capital is defined as capital of the same or close to the character of paid-up, capital-eligible reserves and a limited portion of hybrid capital loan (perpetual loans) instruments (maximum 50% of tier 1 if some specific criteria are fulfilled). Profit may only be included after deduction of proposed dividend. Intangible assets and deferred tax assets are deducted from tier 1.

Tier 2 comprises subordinated loans. The total tier 2 amount may not exceed tier 1. The limits are set after deductions, that is investment in other financial companies.

Further information

Further information on capital management and capital adequacy is presented in Note 39 Capital adequacy and in the disclosure in accordance with the Pillar 3 requirements of the CRD in the Basel II framework at www.nordea.com.

Corporate social responsibility

Nordea issues a Corporate Social Responsibility (CSR) report for 2010 based on the United Nations Principles for Responsible Investments. The report serves as Nordea's annual Progress Report to the United Nations Global Compact and includes NBD.

The CSR report is available on the homepage www.nordea.com/csr.

Human resources

As a relationship bank, Nordea is committed to People, not least our employees. It is our skilled and dedicated employees and their ability to deliver great customer experiences that distinguish us from our competitors ad make Nordea Great.

People strategy

Nordea's People strategy – emphasises that Nordea can reach its goals only if our employees reach theirs. This means that Nordea aims at providing oppportunities for our people to grow professionally by high ambitions and continuous development and at the same time live well-balanced lives. This mindset is ensured among all managers through leadership training and management programmes.

There are two main annual tools for follow up. The Employee Satisfaction Survey (ESI) is designed to give an overview of how our employees evaluate Nordea, and as a result identify and prioritise actions how to make Nordea Great.

The other tool is the mandatory Performance and Development Dialogue that takes place between immediate manager and employee, requiring preparation on both parts as weeel as follow-up throughout the year.

Focus on values and leadership

Our values and leadership are the strongest driver for both performance and for building our corporate culture. It takes Great leaders to build a Great European Bank. Great leadership in Nordea is the ability to engage and motivate people to reach out for our vision and the ability to create the right team to make it happen.

Opportunities to develop and grow

Nordea aims at being a company with many possibilities for employees to develop within the Group. Development is a joint responsibility of the manager and the employee.

Nordea facilitates internal mobility. It is a strategic and nessesary precondition for our business. The pace of change within the financial industry is rapid. Changing demands create changing competencies and staffing needs. We continously need flexibility to find the right person for the right place to meet these external changes.

Profit-sharing scheme

The Profit Sharing scheme is capped and not based on the value of the Nordea share. It is a benefit, by which the employees get a part of the profit to encourage good performance and one Nordea team, which in turn will lead to better profitability and make it more attractive to work within the Nordea Group.

For 2010, each employee can receive a maximum of EUR 3,200, of which EUR 2,000 is based on a pre-determined level of risk-adjusted profit, an additional EUR 600 based on the level of relative customer satisfaction and an additional EUR 600 based on Nordea's relative performance compared to a Nordic peer group as measured by Total Shareholder Return.

Legal proceedings

Within the framework of the normal business operations, the Group faces a number of claims in lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

Subsequent events

NBD has provided a guarantee to the Danish guarantee scheme (Indskydergarantiordningen). Please see note 37 for further comments.

A new subordinated loan of EUR 1.45bn was issued in February 2011. For further information regarding the effect on the capital base see section Capital adequacy and ratings on page 8.

No further events have occurred after the balance sheet date, which may affect the assessment of the annual financial statements.

Outlook 2011

NBD expects the Danish macroeconomic recovery to continue in 2011, but the development is still somehow fragile and hence uncertainty remains. The level of activity in NBD will follow the development in 2010 through a prudent growth strategy balancing opportunities, risks and costs.

Financial statements – Contents

Income statement

DKKm	Note	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Operating income					
Interest income		27,280	34,444	16,990	22,311
Interest expense		-15,639	-23,049	-7,920	-13,317
Net interest income	2	**11,641**	**11,395**	**9,070**	**8,994**
Fee and commission income		4,535	4,161	4,755	4,449
Fee and commission expense		-506	-552	-364	-422
Net fee and commission income	3	**4,029**	**3,609**	**4,391**	**4,027**
Net results from items at fair value	4	1,628	1,888	1,108	2,188
Profit from companies accounted for under the equity method	20	219	250	-	-
Dividends	5	-	-	203	156
Other operating income	6	774	630	921	679
Total operating income		**18,291**	**17,772**	**15,693**	**16,044**
Operating expenses					
General administrative expenses:					
Staff costs	7	-6,001	-5,978	-5,733	-5,756
Other expenses	8	-3,086	-2,979	-2,930	-2,895
Depreciation, amortisation and impairment charges of tangible and intangible assets	9, 21, 22	-235	-159	-180	-138
Other operating expenses		-1,013	-1,342	-1,013	-1,342
Total operating expenses		**-10,335**	**-10,458**	**-9,856**	**-10,131**
Profit before loan losses		**7,956**	**7,314**	**5,837**	**5,913**
Net loan losses	10	-3,399	-5,113	-3,172	-4,815
Operating profit		**4,557**	**2,201**	**2,665**	**1,098**
Income tax expense	11	-1,077	-751	-566	-498
Net profit for the year		**3,480**	**1,450**	**2,099**	**600**
Attributable to					
Shareholder of Nordea Bank Danmark A/S		3,480	1,450	2,099	600
Non-controlling interests		-	-	-	-
Total		**3,480**	**1,450**	**2,099**	**600**

Statement of comprehensive income

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Net profit for the year	**3,480**	**1,450**	**2,099**	**600**
Currency translation differences during the year	16	-5	-	-
Available-for-sale investments:				
Valuation gains/losses during the year	-	3	-	3
Tax on valuation gains/losses during the year	-	-1	-	-1
Other comprehensive income, net of tax	**16**	**-3**	**-**	**2**
Total comprehensive income	**3,496**	**1,447**	**2,099**	**602**
Attributable to				
Shareholder of Nordea Bank Danmark A/S	3,496	1,447	2,099	602
Non-controlling interests	-	-	-	-
Total	**3,496**	**1,447**	**2,099**	**602**

Balance sheet

DKKm	Note	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Assets					
Cash and balances with central banks		3,213	2,914	3,213	2,799
Loans to credit institutions	13	77,898	97,826	148,437	149,581
Loans to the public	13	679,315	669,735	361,114	368,764
Interest-bearing securities	14	99,833	92,632	160,121	159,715
Financial instruments pledged as collateral	15	21,479	80,940	34,896	98,784
Shares	16	16,949	16,433	16,392	16,079
Derivatives	17	4,631	4,464	4,631	4,222
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	305	310	305	310
Investments in group undertakings	19	-	-	16,579	10,349
Investments in associated undertakings	20	521	410	160	114
Intangible assets	21	2,791	2,301	2,761	945
Property and equipment	22, 23	683	582	379	275
Investment property	24	199	91	43	37
Deferred tax assets	11	150	393	-	-
Current tax assets	11	1,071	1,831	1,279	2,161
Retirement benefit assets	33	173	156	173	156
Other assets	25	84,162	55,002	138,455	102,930
Prepaid expenses and accrued income	26	3,358	6,913	3,323	7,178
Total assets		**996,731**	**1,032,933**	**892,261**	**924,399**
Liabilities					
Deposits by credit institutions	27	239,805	322,816	277,900	342,756
Deposits and borrowings from the public	28	346,942	323,894	348,020	315,340
Debt securities in issue	29	271,709	246,061	-	11,151
Derivatives	17	7,077	6,310	7,077	6,080
Fair value changes of the hedged items in portfolio hedge of intrest rate risk	18	-	82	-	82
Current tax liabilities	11	172	168	170	168
Other liabilities	30	78,316	81,672	219,455	209,466
Accrued expenses and prepaid income	31	7,307	9,964	3,750	5,361
Deferred tax liabilities	11	801	654	39	53
Provisions	32	2,079	1,557	2,678	2,143
Retirement benefit obligations	33	37	46	37	46
Subordinated liabilities	34	9,504	9,488	9,504	9,488
Total liabilities		**963,749**	**1,002,712**	**868,630**	**902,134**
Equity					
Non-controlling interests		26	26	-	-
Share capital		5,000	5,000	5,000	5,000
Other reserves		-8	-24	-	-
Proposed dividends		3,350	750	3,350	750
Retained earnings		24,614	24,469	15,281	16,515
Total equity		**32,982**	**30,221**	**23,631**	**22,265**
Total liabilities and equity		**996,731**	**1,032,933**	**892,261**	**924,399**
Assets pledged as security for own liabilities	35	460,909	453,339	171,009	184,616
Other assets pledged	36	-	-	-	-
Contingent liabilities	37	31,093	34,411	125,321	133,574
Commitments	38	176,798	176,589	184,105	182,557

Statement of changes in equity

Group

DKKm	Share capital	Other reserves: Translation of foreign operations	Other reserves: Available-for-sale invest-ments	Proposed dividends	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholder of Nordea Bank Danmark A/S							
Balance at 1 Jan 2010	5,000	-24	-	750	24,469	30,195	26	30,221
Net profit for the year	-	-	-	-	3,480	3,480	-	3,480
Currency translation differences during the year	-	16	-	-	-	16	-	16
Available-for-sale investments:								
Valuation gains/losses during the year	-	-	-	-	-	-	-	-
Tax on valuation gains/losses during the year	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	16	-	-	-	16	-	16
Total comprehensive income	-	16	-	-	3,480	3,496	-	3,496
Share-based payments	-	-	-	-	16	16	-	16
Dividends paid	-	-	-	-750	-	-750	-	-750
Proposed dividends	-	-	-	3,350	-3,350	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance at 31 Dec 2010	5,000	-8	-	3,350	24,614	32,956	26	32,982

DKKm	Share capital	Other reserves: Translation of foreign operations	Other reserves: Available-for-sale invest-ments	Proposed dividends	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the shareholder of Nordea Bank Danmark A/S							
Balance at 1 Jan 2009	5,000	-19	-2	1,500	23,758	30,237	26	30,263
Net profit for the year	-	-	-	-	1,450	1,450	-	1,450
Currency translation differences during the year	-	-5	-	-	-	-5	-	-5
Available-for-sale investments:								
Valuation gains/losses during the year	-	-	3	-	-	3	-	3
Tax on valuation gains/losses during the year	-	-	-1	-	-	-1	-	-1
Other comprehensive income, net of tax	-	-5	2	-	-	-3	-	-3
Total comprehensive income	-	-5	2	-	1,450	1,447	-	1,447
Share-based payments	-	-	-	-	11	11	-	11
Dividends paid	-	-	-	-1,500	-	-1,500	-	-1,500
Proposed dividends	-	-	-	750	-750	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance at 31 Dec 2009	5,000	-24	-	750	24,469	30,195	26	30,221

Statement of changes in equity *(cont.)*

Parent company

	Restricted equity[1]	Unrestricted equity				
		Other reserves				
DKKm	Share[2] capital	Translation of foreign operations	Available-for-sale investments	Proposed dividends[4]	Retained earnings	Total equity
Balance at 1 Jan 2010	5,000	-	-	750	16,515	22,265
Net profit for the year	-	-	-	-	2,099	2,099
Currency translation differences during the year	-	-	-	-	-	-
Available-for-sale investments:						
Valuation gains/losses during the year	-	-	-	-	-	-
Tax on valuation gains/losses during the year	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,099	2,099
Share-based payments[3]	-	-	-	-	16	16
Dividends paid	-	-	-	-750	-	-750
Proposed dividends	-	-	-	3,350	-3,350	-
Other changes	-	-	-	-	-	-
Balance at 31 Dec 2010	5,000	-	-	3,350	15,281	23,631

	Restricted equity[1]	Unrestricted equity				
		Other reserves				
DKKm	Share[2] capital	Translation of foreign operations	Available-for-sale investments	Proposed dividends[4]	Retained earnings	Total equity
Balance at 1 Jan 2009	5,000	-	-2	1,500	16,654	23,152
Net profit for the year	-	-	-	-	600	600
Currency translation differences during the year	-	-	-	-	-	-
Available-for-sale investments:						
Valuation gains/losses during the year	-	-	3	-	-	3
Tax on valuation gains/losses during the year	-	-	-1	-	-	-1
Other comprehensive income, net of tax	-	-	2	-	-	2
Total comprehensive income	-	-	2	-	600	602
Share-based payments[3]	-	-	-	-	10	10
Dividends paid	-	-	-	-1,500	-	-1,500
Proposed dividends	-	-	-	750	-750	-
Other changes	-	-	-	-	-	-
Balance at 31 Dec 2009	5,000	-	-	750	16,515	22,265

Description of items in the equity is included in Note 1 Accounting policies.

[1] Restricted capital was at 31 Dec 2010 DKK 5,000m (31 Dec 2009: DKK 5,000m). Unrestricted capital was 31 Dec 2010 DKK 18,631m (31 Dec 2009: DKK 17,265m).
[2] Total shares registered were 50 million (31 Dec 2009: 50 million) all fully owned by Nordea Bank AB, Stockholm, Sweden. Nominal amount per share is DKK 100. All issued shares are fully paid. All shares are of the same class and hold equal rights. The annual report for Nordea Bank AB is available on www.nordea.com.
[3] Refers to the Long Term Incentive Programme (LTIP).
[4] The proposed divident payment of DKK 3,350m is equivalent to DKK 67 (DKK 15) per share.

Statement of changes in equity *(cont.)*

Reporting to the Danish Financial Supervisory Authority at 31 Dec 2010 (DKKm)

Equity

	Group	Parent company
Annual report 2010	32,982	23,631
Adjustments:		
- Non-controlling interests[1]	1,234	-
- Fair value adjustment of owner occupied property	20	20
- Retirement benefit assets	-71	-71
- Difference between cost and net assets value in subsidiaries and associates	-	9,326
Reported to the Danish FSA	34,165	32,905

Result

	Group	Parent company
Annual report 2010	3,480	2,099
Adjustments:		
- Difference between profit from companies accounted for under the equity method and dividends	-	1,381
Reported to the Danish FSA	3,480	3,480

[1] Non-controlling interests relate to a special reserve in an associated undertaking.

Cash flow statement

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Operating activities				
Operating profit	4,557	2,201	2,665	1,098
Adjustments for items not included in cash flow	3,538	5,188	3,335	4,958
Income taxes paid	-152	-1,902	304	-1,512
Cash flow from operating activities before changes in operating assets and liabilities	**7,943**	**5,487**	**6,304**	**4,544**
Changes in operating assets				
Change in loans to credit institutions	23,673	2,939	15,446	-33,292
Change in loans to the public	-12,090	-54,925	10,068	-23,472
Change in interest-bearing securities	-7,201	-11,898	-406	-15,293
Change in financial assets pledged as collateral	59,461	-21,829	63,888	-39,039
Change in shares	-516	-4,790	-462	-4,443
Change in derivatives, net	600	1,796	588	1,808
Change in investment properties	-108	-66	-6	-32
Change in other assets	-25,643	-31,690	-31,651	-56,533
Changes in operating liabilities				
Change in deposits by credit institutions	-83,003	53,079	-64,856	80,089
Change in deposits and borrowings from the public	23,048	8,041	24,900	-2,956
Change in debt securities in issue	25,648	35,175	-11,151	11,151
Change in other liabilities	-5,753	24,136	7,995	83,274
Change in provisions	-350	-	-352	-
Cash flow from operating activities	**5,709**	**5,455**	**20,305**	**5,806**
Investing activities				
Acquisition of business operations	-335	-2,015	1,813	-
Sale of business operations	-	-	-	-
Acquisition of investments in group undertakings	-	-	-6,072	-2,129
Acquisition of investments in associated undertakings	-22	-36	-53	-5
Sale of investments in associated undertakings	14	-	14	-
Acquisition of property and equipment	-247	-137	-210	-136
Sale of property and equipment	18	9	5	5
Acquisition of intangible assets	-359	-290	-352	-280
Sale of intangible assets	-	-	-	-
Purchase/sale of other financial fixed assets	-	-	-	-
Cash flow from investing activities	**-931**	**-2,469**	**-4,855**	**-2,545**
Financing activities				
Issued/redeemed/amortised subordinated liabilities	16	-11	16	-11
Dividend paid	-750	-1,500	-750	-1,500
Cash flow from financing activities	**-734**	**-1,511**	**-734**	**-1,511**
Cash flow for the year	**4,044**	**1,475**	**14,716**	**1,750**
Cash and cash equivalents at the beginning of year	13,035	11,560	13,952	12,202
Cash and cash equivalents at the end of year	17,079	13,035	28,668	13,952
Change	**4,044**	**1,475**	**14,716**	**1,750**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Bank Danmark's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities
Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

	Group		Parent company	
DKKm	2010	2009	2010	2009
Depreciation	229	159	174	138
Impairment charges	6	-	6	-
Loan losses	3,399	5,113	3,172	4,815
Change in provisions	-26	17	-26	17
Profit from associated and group undertakings minus dividends	-89	-119	-16	-26
Other	19	18	25	14
Total	**3,538**	**5,188**	**3,335**	**4,958**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
DKKm	2010	2009	2010	2009
Interest payments received	30,803	32,733	20,827	20,897
Interest expenses paid	-18,350	-21,397	-9,611	-12,518

Investing activities
Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets.

Aggregated cash flows arising from acquisition of business operations are presented separately and consist of:

	Group		Parent company	
DKKm	2010[1]	2009[1]	2010[1]	2009
Acquisition of business operations				
Cash and cash equivalents	-	114	-	-
Loans to credit institutions	-	3,796	-	-
Loans to the public	17	5,553	4,703	-
Intangible assets	240	1,316	1,538	-
Property & equipment	-	265	13	-
Other assets	-202	669	14	-
Total assets	**55**	**11,713**	**6,268**	**-**
Deposits and borrowings from the public	-	8,869	7,780	-
Other liabilities and provision	-8	443	72	-
Total liabilities	**-8**	**9,312**	**7,852**	**-**
Purchase price paid	**63**	**2,401**	**-1,584**	**-**
- here of to be paid in 2011	-	-	229	-
Cash and cash equivalents	-	114	-	-
Purchase price regarding 2009 paid in 2010	-272	272	-	-
Net effect on cash flow	**335**	**2,015**	**-1,813**	**-**

[1] The figures concerns the acquisition of Fionia Bank.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/redeemed/amortised subordinated liabilities.

Cash and cash equivalents
The following items are included in cash and cash equivalents assets:

	Group		Parent company	
DKKm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Cash and balances with central banks	3,213	2,914	3,213	2,799
Loans to credit institutions, payable on demand	13,866	10,121	25,455	11,153
Total	**17,079**	**13,035**	**28,668**	**13,952**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;
- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

Loans to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

5-year overview
Group

Income statement (DKKm)	2010	2009	2008	2007	2006
Net interest income	11,641	11,395	10,248	8,733	8,109
Net fee and commission income	4,029	3,609	3,607	3,101	3,130
Net result from items at fair value	1,628	1,888	-742	844	1,622
Equity method	219	250	145	234	327
Other income	774	630	469	380	188
Total operating income	**18,291**	**17,772**	**13,727**	**13,292**	**13,376**
General administrative expenses:					
Staff costs	-6,001	-5,978	-5,230	-4,885	-4,758
Other expenses	-3,086	-2,979	-2,785	-2,765	-2,504
Depreciation, amortisation and impairment charges of tangible and intangible assets	-235	-159	-142	-108	-132
Other operating expenses	-1,013	-1,342	-369	-	-
Total operating expenses	**-10,335**	**-10,458**	**-8,526**	**-7,758**	**-7,394**
Profit before loan losses	**7,956**	**7,314**	**5,201**	**5,534**	**5,982**
Net loan losses	-3,399	-5,113	-1,587	47	664
Operating profit	**4,557**	**2,201**	**3,614**	**5,581**	**6,646**
Income tax expense	-1,077	-751	-893	-1,308	-1,770
Net profit for the year	**3,480**	**1,450**	**2,721**	**4,273**	**4,876**

Balance sheet (DKKm)	2010	2009	2008	2007	2006
Loans to credit institutions	77,898	97,826	95,229	128,892	117,765
Loans to the public	679,315	669,735	613,200	533,237	483,794
Derivatives	4,631	4,464	4,314	3,872	2,053
Other assets	234,887	260,908	186,921	171,942	199,779
Total assets	**996,731**	**1,032,933**	**899,664**	**837,943**	**803,391**
Deposits by credit institutions	239,805	322,816	260,868	222,701	223,188
Deposits and borrowings from the public	346,942	323,894	315,853	277,972	253,377
Debt securities in issue	271,709	246,061	210,886	205,910	183,020
Derivatives	7,077	6,310	4,364	3,659	1,946
Subordinated liabilities	9,504	9,488	9,499	9,507	10,401
Other liabilities	88,712	94,143	67,931	88,450	104,475
Equity	32,982	30,221	30,263	29,744	26,984
Total liabilities and equity	**996,731**	**1,032,933**	**899,664**	**837,943**	**803,391**

Ratios and key figures (%)	2010	2009	2008	2007	2006
Return on equity	11.0	4.8	9.1	15.1	19.2
Cost/income ratio	57	59	62	58	55
Tier 1 capital ratio[1]	8.9	8.9	9.4	8.7	-
Total capital ratio[1]	11.9	12.0	12.4	11.6	-
Total capital ratio including new subordinated loan[3]	15.4	12.0	12.4	11.6	-
Tier 1 capital[1], DKKm	27,621	27,885	28,775	28,258	26,594
Risk-weighted assets[1, 2], DKKbn	310	312	305	325	376
Loan loss ratio, basis points	50.8	77.7	29.8	-1.0	-15.8
Number of employees (full-time equivalents)[1]	7,968	7,964	7,810	7,469	7,307
Average number of employees	7,949	7,785	7,583	7,373	7,308

[1] End of year.
[2] RWA according to Basel I for the year 2006.
[3] Total capital ratio at 31 December 2010 includes a new subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

The Danish Financial Supervisory Authority's ratio system is shown in note 47.

5-year overview
Parent company

Income statement (DKKm)	2010	2009	2008	2007	2006
Net interest income	9,070	8,994	7,623	6,467	6,270
Net fee and commission income	4,391	4,027	4,044	3,497	3,438
Net result from items at fair value	1,108	2,188	-436	967	1,711
Dividends	203	156	70	130	536
Other income	921	679	496	385	115
Total operating income	**15,693**	**16,044**	**11,797**	**11,446**	**12,070**
General administrative expenses:					
Staff costs	-5,733	-5,756	-5,054	-4,702	-4,582
Other expenses	-2,930	-2,895	-2,699	-2,648	-2,341
Depreciation, amortisation and impairment charges of tangible and intangible assets	-180	-138	-124	-91	-110
Other operating expenses	-1,013	-1,342	-369	-	-
Total operating expenses	**-9,856**	**-10,131**	**-8,246**	**-7,441**	**-7,033**
Profit before loan losses	**5,837**	**5,913**	**3,551**	**4,005**	**5,037**
Net loan losses	-3,172	-4,815	-1,456	116	666
Operating profit	**2,665**	**1,098**	**2,095**	**4,121**	**5,703**
Income tax expense	-566	-498	-539	-1,054	-1,433
Net profit for the year	**2,099**	**600**	**1,556**	**3,067**	**4,270**

Balance sheet (DKKm)	2010	2009	2008	2007	2006
Loans to credit institutions	148,437	149,581	114,160	147,221	132,054
Loans to the public	361,114	368,764	348,467	293,869	268,897
Derivatives	4,631	4,222	4,314	3,872	2,053
Investments in group undertakings	16,579	10,349	7,990	8,001	8,158
Other assets	361,500	391,483	274,906	228,396	253,158
Total assets	**892,261**	**924,399**	**749,837**	**681,359**	**664,320**
Deposits by credit institutions	277,900	342,756	262,667	224,632	225,881
Deposits and borrowings from the public	348,020	315,340	318,296	280,654	255,994
Debt securities in issue	-	11,151	-	-	-
Derivatives	7,077	6,080	4,364	3,659	1,946
Subordinated liabilities	9,504	9,488	9,499	9,507	10,401
Other liabilities	226,129	217,319	131,859	139,124	147,887
Equity	23,631	22,265	23,152	23,783	22,211
Total liabilities and equity	**892,261**	**924,399**	**749,837**	**681,359**	**664,320**

Ratios and key figures (%)	2010	2009	2008	2007	2006
Return on equity	9.1	2.6	6.6	13.3	20.4
Cost/income ratio	63	63	70	65	58
Tier 1 capital ratio[1]	8.8	9.7	9.4	8.5	-
Total capital ratio[1]	12.0	13.2	12.5	11.5	-
Total capital ratio including new subordinated loan[3]	15.6	13.2	12.5	11.5	-
Tier 1 capital, DKKm	26,711	28,411	27,818	27,042	25,210
Risk-weighted assets[1,2], DKKbn	305	292	298	317	346
Loan loss ratio, basis points	86.0	128.1	49.6	-4.3	-29.1
Number of employees (full-time equivalents)[1]	7,647	7,280	7,515	7,177	6,991
Average number of employees	7,523	7,441	7,297	7,074	6,998

[1] End of year.
[2] RWA according to Basel I for the year 2006.
[3] Total capital ratio at 31 December 2010 includes a new subordinated loan of EUR 1.45bn (tier 2 capital) issued in February 2011.

The Danish Financial Supervisory Authority's ratio system is shown in note 47.

Notes to the financial statements

Note 1
Accounting policies

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1. Basis for presentation
The financial statements for Nordea Bank Danmark A/S and for the group are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the EU Commission and additional Danish disclosure requirements for annual reports laid down in the Danish IFRS Executive Order on financial services enterprises issued pursuant to the Danish Financial Business Act.

The disclosures, required in the standards and legislation above, have been included in the notes, the Risk, liquidity and capital management section or in other parts of the "financial statements".

On 10 February 2011 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 11 March 2011.

2. Comparative figures
The comparative figures for 2009 include, unless otherwise stated, effects of changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions in the income statement and the categorisation of savings-related commissions within "Net fee and commission income". These changes are further described below.

Below follows also a section covering other changes in IFRSs implemented in 2010, which have not had any significant impact, as well as a section covering forthcoming changes in IFRSs not yet implemented by Nordea Bank Danmark.

Classification of lending commissions
The accounting treatment, including the classification in the income statement, of lending commissions depends on the purpose for which the commission is received. Commissions that are considered to be an integral part of the effective interest rate of a loan is included in the calculation of effective interest and classified as "Net interest income" in the income statement, while commissions considered to be compensation for performed services are classified as "Net fee and commission income".

Judgement has to be exercised when deciding on whether or not a commission is to be included, and to what extent, in the calculation of the effective interest of a loan. Nordea Bank Danmark A/S has reassessed this judgement, which has led to a reclassification of commissions from "Net fee and commission income" to "Net interest income".

The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the below table.

	2010		2009	
DKKm	Restated	Pre-policy change	Restated	Reported
Group				
Net interest income	11,641	11,231	11,395	11,049
Net fee and commission income	4,029	4,439	3,609	3,955
Parent				
Net interest income	9,070	8,660	8,994	8,648
Net fee and commission income	4,391	4,801	4,027	4,373

Categorisation of savings-related commissions

The categorisation of savings-related commissions within "Net fee and commission income" (Note 3) has been changed in order to be better aligned with the purpose for which the fees are received. The comparable figures have been restated accordingly and the impact is, together with the impact on 2010, disclosed in the below table.

	2010		2009	
DKKm	Restated	Pre-policy change	Restated	Reported
Group				
Asset Management commissions	764	430	580	291
Brokerage	1,581	1,915	1,533	1,822
Parent				
Asset Management commissions	764	430	580	291
Brokerage	1,564	1,898	1,532	1,821

Other changes in IFRSs implemented 2010

The IASB has revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements". The revised and amended standards are applied prospectively for business combinations effected as from 1 January 2010, meaning that there has been no restatement of business combinations with acquisition dates prior to the implementation of this IFRS. The transition rules furthermore state that changes in recognised deferred tax assets, originating from business combinations effected before the application of this IFRS, are to be recognised in the income statement without any equivalent adjustments made to goodwill through the income statement, unless there is an impairment of goodwill. The impact on Nordea Bank Danmark A/S from the revised IFRS 3 and amended IAS 27 includes a broader definition of business combinations, the need to expense acquisition costs and continuous fair value adjustments of contingent considerations recognised in the income statement. The revised and amended standards have not had any impact on 2010, but can potentially have on subsequent periods.

The IASB has furthermore revised IFRS 1 "First-time Adoption of International Financial Reporting Standards", amended IFRS 2 "Share-based Payment" (Group Cash-settled Share-based Payment Transactions), IAS 39 "Financial Instruments: Recognition and Measurement" (Eligible Hedged Items) as well as published "Improvements to IFRSs 2009", IFRIC 12 "Service Concession Arrangements", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 16 "Hedges of a Net Investment in a Foreign Operation", IFRIC 17 "Distributions of Non-cash Assets to Owners" and IFRIC 18 "Transfers of Assets from Customers". These revised and amended standards and improvements are effective for Nordea Bank Danmark A/S as from 1 January 2010, but have not had any significant impact on 2010 and are not expected to have a significant impact on subsequent periods.

Forthcoming changes in IFRSs

IFRS 9 "Financial Instruments" (Phase 1)

In 2009 IASB published a new standard on financial instruments. The standard is the first step in the replacement of IAS 39 "Financial instruments: Recognition and Measurement" and this first phase covers classification and measurement of financial assets. The effective date for Nordea Bank Danmark A/S is as from 1 January 2013, but earlier application is permitted. The EU Commission has not endorsed this standard for implementation in 2010.

Nordea Bank Danmark A/S has, due to the fact that the standard is not yet endorsed by the EU Commission, not finalised the investigation of the impact on the period of initial application or on subsequent periods and can therefore not express an opinion on the impact on its capital adequacy.

Other forthcoming changes in IFRSs

The IASB has amended IAS 32 "Financial Instruments: Presentation", with respect to classification of rights issues, IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", revised IAS 24 "Related Party Disclosures" and published IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments". Nordea Bank Danmark A/S has chosen not to implement these changes early. The amended, revised and published standards and interpretations will be applied retroactively as from 1 January 2011. There is currently no identified significant impact on the period of initial application. The amendment of IAS 32 may affect future rights issues involving different currencies, whilst the revised IAS 24, amended IFRIC 14 and the published IFRIC 19 are not expected to have a significant impact on subsequent periods.

The IASB has furthermore published "Improvements to IFRSs" (2010). These improvements are effective for Nordea Bank Danmark A/S as from 1 January 2011, but early application is allowed. These improvements are not expected to have a significant impact on the period of initial application or on subsequent periods.

IFRS 7 "Financial instruments: Disclosures" has in addition been amended by the IASB in order to increase the transparency in the reporting of transferred assets ("Disclosures – Transfers of Financial Assets"). Nordea Bank Danmark A/S has chosen not to implement these changes early in 2010. The amended standard is effective for NBD as from 1 January 2012. The amended standard will, on the period of initial application and on subsequent periods, lead to an increased level of disclosure.

The above-mentioned revised and amended standards, improvements and interpretations not yet adopted, within the section "Other forthcoming changes in IFRSs", are not, on the period of initial application or on subsequent periods, expected to have any significant impact on the capital adequacy.

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. The actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea Bank Danmark, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of certain financial instruments.
- the impairment testing of:
  - goodwill and
  - loans to the public/credit institutions.
- claims in civil lawsuits.

Fair value measurement

Critical judgement is exercised when determining the fair value of OTC derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active)
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters are observable

In all of these instances, decisions are based upon professional judgement in accordance with Nordea Bank Danmark A/S's accounting and valuation policies. In order to ensure proper governance, Nordea has a Group Valuation Committee that on an ongoing basis reviews critical judgements that are deemed to have a significant impact on fair value measurements.

See also the separate section 10 "*Determination of fair value of financial instruments*" and Note 41 "*Assets and liabilities at fair value*".

Impairment testing

Goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated.

The forecasts of future cash flows are based on Nordea Bank Danmark A/S's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant impact on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other factors, affect the forecasted cash flows. Under current market conditions such changes are not expected to lead to any significant impairment charges of goodwill, but may do so in subsequent periods.

See also the separate section 15 "Intangible assets" and Note 21 "Intangible assets".

Loans to the public/credit institutions

When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 13 "Loans to the public/credit institutions" and Note 13 "Loans and their impairment".

Claims in civil lawsuits

Within the framework of the normal business operations, Nordea Bank Danmark A/S faces a number of claims in civil lawsuits and disputes, most of which involve relatively limited amounts. Presently none of these disputes are considered likely to have any significant adverse effect on NBD or its financial position. See also Note 37 "Contingent liabilities".

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank Danmark A/S and those entities that the parent company controls. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50 percent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition cost to the Group is established in a purchase price allocation analysis. In such analysis, the cost of the business combination is established as the fair values of recognised identifiable assets, liabilities and contingent liabilities. The cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the net assets acquired. Costs directly attributable to the business combination are expensed. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is immediately recognised in the income statement.

The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to NBD and are no longer consolidated as from the date on which control ceases.

Equity and net income attributable to non-controlling interests are separately disclosed in the balance sheet, income statement and statement of comprehensive income.

In the consolidation process the reporting from the subsidiaries is adjusted to ensure consistency with IFRS principles applied by NBD.

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where NBD has significant influence. Investments within NBD's investment activities, which are classified as a venture capital organisation within NBD, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39. Further information on the equity method is disclosed in section 6 "Recognition of operating income and impairment".

Profits from companies accounted for under the equity method are reported post-tax in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for NBD.

Special Purpose Entities (SPE)
In accordance with IFRS Nordea Bank Danmark A/S does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether NBD controls a SPE or not, NBD has to make judgements about risks and rewards and assess the ability to make operational decisions for the SPE in question.

When assessing whether Nordea Bank Danmark A/S should consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are in substance conducted on NBD's behalf or if NBD has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks. NBD consolidates all SPEs where NBD has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that NBD does not have any significant risks or rewards on these assets and liabilities.

Nordea Bank Danmark A/S has created a number of SPEs to allow clients to invest in assets invested in by the SPEs. Some SPEs invest in tradable financial instruments, such as shares and bond (mutual funds). Other SPEs invest in structured credit products or acquire assets from customers of NBD. NBD is generally the investment manager and has sole discretion about investments and other administrative decisions. Typically, NBD will receive service and commission fees in connection to the creation of the SPEs, or because it acts as investment manager, custodian or in some other function. This in itself does not constitute a beneficial interest triggering consolidation. In some SPEs NBD has also supplied substantial parts of the funding in the form of fund units, loans or credit commitments. In these SPEs NBD has a beneficial interest and retains the majority of the risks and rewards, which is why these SPEs are consolidated. Note 19 "Investments In Group undertakings" lists the major subsidiaries in the NBD Group, including consolidated SPEs.

Principles of elimination
Intra-group transactions and balances between the consolidated group undertakings are eliminated.

Currency translation of foreign entities
The consolidated financial statements are prepared in Danish Kroner (DKK), the presentation currency of the parent company Nordea Bank Danmark A/S. The current method is used when translating the financial statements of foreign entities into DKK from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements and statements of comprehensive income are translated at the average exchange rate for the year. Translation differences are accounted for in other comprehensive income and are accumulated in the translation reserve in the equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as items in the same functional currency as the cash generating unit to which they belong and are also translated at the closing rate.

6. Recognition of operating income and impairment

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expense related to all balance sheet items in Markets are recognised in the income statement on the line "Net result from items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related group external interest income and interest expense.

Net fee and commission income
NBD earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

Commission expenses are transaction based and recognised in the period when the services are received.

Income from issued financial guarantees and expenses from bought financial guarantees are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net result from items at fair value
Realised and unrealised gains and losses, including net interest in Markets on financial instruments measured at fair value, are recognised in the item "Net result from items at fair value".

Realised and unrealised gains and losses derive from:
- Shares/participations and other share-related instruments

• Interest-bearing securities and other interest-related instruments
• Other financial instruments, which contain credit derivatives as well as commodity instruments/derivatives
• Foreign exchange gains/losses
• Investment properties, which include realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from disposals as well as the running property yield stemming from the holding of investment properties.

"Net result from items at fair value" includes also losses from counterparty risk on instruments classified into the category Financial assets at fair value through profit or loss as well as impairment on instruments classified into the category Available for sale financial assets. Impairment losses from instruments within other categories are recognised in the items "Net loan losses" or "Impairment of securities held as financial non-current assets" (see also the sub-section "Net loan losses").

Dividends
Dividends received are recognised in the income statement as "Net result from items at fair value" and classified as "Shares/ participations and other share-related instruments" in the note. Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method
The profit from companies accounted for under the equity method is defined as the post-acquisition change in NBD's share of net assets in the associated companies. NBD's share of items accounted for in other comprehensive income in the associated companies is accounted for in other comprehensive income in NBD. Profits from companies accounted for under the equity method are, as stated in section 5 "Principles of consolidation" reported in the income statement post-tax. Consequently, the tax expense related to these profits is excluded from the income tax expense for NBD.

Fair values are, at acquisition, allocated to the associated company's identifiable assets, liabilities and contingent liabilities. Any difference between NBD's share of the fair values of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated company. Subsequently the investment in the associated company increases/decreases with NBD's share of the post-acquisition change in net assets in the associated company and decreases through received dividends and impairment. An impairment charge can be reversed in a subsequent period.

The change in NBD´s share of the net assets is based on the external reporting of the associated companies and affects the financial statements of NBD in the period in which the information is available. The reporting from the associated companies is, if applicable, adjusted to comply with NBD's accounting policies.

Other operating income
Net gains from divestments of shares in subsidiaries and associated companies as well as other operating income, not related to any other income line, are generally recognised when it is probable that the benefits associated with the transaction will flow to NBD and if the significant risks and rewards have been transferred to the buyer (generally when the transactions are finalised).

Net loan losses
Impairment losses from financial assets classified into the category Loans and receivables (see section 12 "Financial Instruments"), In the items "Loans to credit institutions" and "Loans to the public" in the balance sheet, are reported as "Net loan losses", together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. NBD's accounting policies for the calculation of impairment losses on loans can be found in section 13 "Loans to the public/credit institutions".

Counterparty losses on instruments classified into the category Financial assets at fair value through profit or loss, including credit derivatives, as well as impairment on financial assets classified into the category Available for sale are reported under "Net result from items at fair value".

7. Recognition and derecognition of financial instruments in the balance sheet
Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on the settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterparty has performed by eg repaying a loan to NBD, ie on the settlement date.

In some cases, NBD enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards from the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when NBD performs, for example when NBD repays a deposit to the counterpart, i.e. on settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 12 "Financial instruments", as well as Note 43 "Obtained collaterals which are permitted to be sold or repledged".

8. Translation of assets and liabilities denominated in foreign currencies
The functional currency of each entity is decided based upon the primary economic environment in which the entity operates.

Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net result from items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in other comprehensive income, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting other comprehensive income when consolidating the group undertaking into NBD. Any ineffectiveness is recognised in the income statement in the item "Net result from items at fair value".

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. All derivatives are measured at fair value. NBD applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities. The EU carve out macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and designated as the hedging instrument and removes some of the limitations in fair value hedge accounting relating to hedging core deposits and under-hedging strategies.

The hedge accounting policy within NBD has been developed to fulfil the requirements set out in IAS 39. NBD uses hedge accounting in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. The overall purpose is to have a true and fair presentation of NBD's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are three forms of hedge accounting:
- Fair value hedge accounting
- Cash flow hedge accounting
- Hedges of net investments

Fair value hedge accounting

Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in NBD's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item "Net result from items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in accordance with IAS 39.

Fair value hedge accounting in NBD is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net result from items at fair value".

Cash flow hedge accounting

Cash flow hedge accounting is used for the hedging of exposure to variations in future interest payments on asset or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised directly in other comprehensive income and accumulated in the hedge reserve in the equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the item "Net result from items at fair value" in the income statement.

Gains or losses on hedging instruments recognised directly in the hedge reserve in equity are recognised in the income statement in the same period as interest income or interest expense from the hedged asset or liability.

Hedges of net investments

See separate section 8 "Translation of assets and liabilities denominated in foreign currency".

Hedging instruments

The hedging instruments used in NBD are predominantly interest rate swaps and currency interest rate swaps. Cash instruments are only used in a few transactions as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in NBD consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life it can be expected that changes in fair value of the hedged item as regards the hedged risk can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively NBD measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. For fair value hedges, the change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item. In cash flow hedges, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the hedged item is derecognised, cancelled or the expected transaction is no longer expected to occur. If the expected transaction is no longer highly probable, but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective remains in other comprehensive income until the transaction occurs or is no longer expected to occur.

10. Determination of fair value of financial instruments

Financial assets and liabilities classified into the categories Financial assets/Financial liabilities at fair value through profit or loss (including derivative instruments) are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net result from items at fair value".

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. NBD is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. NBD is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Loans to the public (mortgage loans in the subsidiary Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counterparty credit risk and liquidity risk. An important part of the portfolio adjustment serves to adjust the net open market risk exposures from mid-prices to ask or bid prices (depending on the net position). For different risk categories, exposures are aggregated and netted according to internal guidelines and aggregated market price information on bid-ask spreads are applied in the calculation. Spreads are updated on a regular basis.

The portfolio adjustment for model risk comprises two components (the calculation principles are defined as part of the internal approval process for valuation models):

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values

The portfolio adjustment for counterparty risk in OTC-derivatives is based on the current exposure towards each counterpart, the estimated potential future exposure as well as an estimate of the cost of hedging the counterparty risk. This cost of hedging is either based directly on market prices (where available) or on a theoretical calculation based on the internal credit rating of the counterpart.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are predominantly based on data from observable markets. By data from observable markets, NBD considers data that can be collected from generally available external sources and where these data are judged to represent realistic market prices. If non-observable data have a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the Instrument. The deferred upfront gains are subsequently released to Income if the non-observable data become observable.

A breakdown of fair values of financial instruments measured on the basis of quoted prices in an active market for the same instrument (level 1), valuation techniques using observable data (level 2), and valuation techniques using non-observable data (level 3) is provided in Note 41 "Assets and liabilities at fair value".

The valuation models applied by NBD are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price.

New valuation models are subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

For further information, see Note 41 "Assets and liabilities at fair value".

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where NBD is operating under a banking licence
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified into the category "Loans and receivables", see section 12 "Financial instruments".

Loans to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement.

12. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets:
- Financial assets at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (fair value option)
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

Financial liabilities:
- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Designated at fair value through profit or loss (fair value option)
- Other financial liabilities

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 40 "Classification of financial instruments" the classification of the financial instruments in NBD's balance sheet, into the different categories of IAS 39, is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. All changes in fair values are recognised directly in the income statement in the item "Net result from items at fair value".

The category consists of two sub-categories: Held for trading and Designated at fair value through profit or loss (fair value option).

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

The major parts of the financial assets/financial liabilities classified into the category Designated at fair value through profit or loss are mortgage loans and related issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab. Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified into the category Designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

NBD also applies the fair value option to certain financial assets and financial liabilities related to Markets. The reason for the classification is that Markets is managing and measuring all its financial assets and liabilities at fair value. Consequently, all financial assets and financial liabilities in Markets are classified into the categories Financial assets/ Financial liabilities at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 "Loans to the public/credit institutions".

Held-to-maturity investments

Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

If more than an insignificant amount of the Held-to-maturity portfolio is sold or transferred, the Held-to-maturity category is tainted, except if the sale or transfer either occurs close to maturity or the call exercise date, after substantially all of the original principal has already been collected, or due to an isolated non-recurring event beyond the control of NBD.

NBD assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as "Impairment of securities held as financial non-current assets" in the income statement. See section 13 "Loans to the public/credit institutions" for more information on the identification and measurement of objective evidence of impairment, which is also applicable for interest-bearing securities classified into the category "Held to maturity".

Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised directly in the revaluation reserves in the statement of comprehensive income. Interest is recognised in the item "Interest income" and foreign exchange effects and impairment losses in the item "Net result from items at fair value".

When an available-for-sale financial asset is disposed of, the accumulated fair value changes that have previously been recognised in other comprehensive income are removed from equity and recognised in the income statement in the item "Net result from items at fair value".

Available-for-sale financial assets are assessed at least annually in order to determine any need for impairment losses. If there is objective evidence of impairment, the accumulated loss that has been recognised in other comprehensive income is removed from equity and recognised as "Net result from items at fair value" in the income statement. The amount of the accumulated loss that is removed from equity is the difference between the asset's acquisition cost and current fair value. For equity investments a prolonged and significant decline in the fair value, compared to the acquisition cost, is considered to be objective evidence of impairment. Objective evidence of impairment for a debt instrument is rather connected to a loss event, such as an issuer's financial difficulties.

This category is used only to a very limited extent in Nordea Bank Danmark A/S. See also Note 40 "Classification of financial instruments".

Other financial liabilities
Financial liabilities, other than those classified into the category Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as stand-alone derivatives at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values, of the embedded derivatives, are recognised in the income statement in the item "Net result from items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified into the category Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net result from items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not recognised on or derecognised from the balance sheet. In cases where the counterpart is entitled to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities in securities lending transactions are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

Cash collateral advanced to the counterparts is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public". Cash collateral received from the counterparts is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities delivered under repurchase agreements are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans to credit institutions" or as "Loans to the public".

Additionally, the sale of securities received in reverse repurchase agreements triggers the recognition of a trading liability (short sale).

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives". Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives".

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net result from items at fair value".

13. Loans to the public/credit institutions
Financial instruments classified as "Loans to the public/credit institutions" in the balance sheet and into the category Loans and receivables are measured at amortised cost (see also the separate section 7 "Recognition and derecognition of financial instruments in the balance sheet" as well as Note 40 "Classification of financial instruments").

NBD monitors loans as described in the separate section on risk, liquidity and capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment tests indicate objective evidence of impairment.

Also interest-bearing securities classified into the category Held to maturity are held at amortised cost and the description below is valid also for the identification and measurement of impairment of these assets. Possible impairment losses on financial assets classified into the category Held to maturity are recognised as "Impairment of securities held as non-current financial assets" in the income statement.

Impairment test of individually assessed loans
NBD tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out whether the loans have become impaired. As a first step in the identification process for impaired loans, NBD monitors whether there are indicators of impairment (loss event) and whether these represent objective evidence of impairment. More information on the identification of loss events can be found in the Risk, liquidity and capital management section.

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collateral received to mitigate the credit risk will be assessed at fair value. If the carrying amount of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collateral, the loan is impaired.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of collectively assessed loans
All loans that are not impaired on an individual basis are collectively assessed for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors´ ability to pay all amounts due according to the contractual terms. NBD monitors its portfolio through rating migrations and the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes NBD identifies loss events indicating incurred losses in a group. A loss event is an event resulting in a deterioration of the expected future cash flows. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective of the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, which has not yet been identified on an individual basis. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been identified on an individual basis. The identification of the loss is made through a default of the engagement or by other indicators.

For corporate customers and bank counterparts, NBD uses the existing rating system as a basis when assessing the credit risk. NBD uses historical data on the probability of default to estimate the risk of default in a rating class. These loans are rated and grouped mostly based on the type of industry and/or sensitivity to certain macro parameters, for example the dependency on oil prices etc. Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on risk, liquidity and capital management.

The collective assessment is performed through a netting principle, that is, when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups with similar risk characteristics where NBD assesses that the customers' future cash flows are insufficient to service the loans in full.

Impairment loss
If the carrying amount of the loans is higher than the sum of the net present value of the estimated cash flows, including the fair value of the collateral and other credit enhancements, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses will be recorded as changes in the allowance account and as "Net loan losses" in the income statement (see also section 6 "Recognition of operating income and impairment").

If the impairment loss is regarded as final, it is reported as a realised loss. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the item "Net loan losses" in the income statement. An impairment loss is regarded as final when bankruptcy proceedings are taken against the obligor and the administrator has declared the financial outcome of the bankruptcy proceedings, or when NBD waives its claims either through a legally based or voluntary reconstruction or when NBD, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans.

Restructured loans
In this context a restructured loan is defined as a loan where NBD has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for NBD. After a reconstruction the loan is normally regarded as not impaired if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless NBD retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by NBD. For example a property taken over, not held for NBD's own use, is reported together with other investment properties. At initial recognition, all assets taken over for protection of claims are recognised at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified into the categories Available for sale or Designated at fair value through profit or loss (fair value option) (see section 12 "Financial instruments") and measured at fair value. Changes in fair values are recognised in other comprehensive income for assets classified into the category Available for sale. For assets classified into the category Designated at fair value through profit or loss, changes in fair value are recognised in the income statement under the line "Net result from items at fair value".

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. Consequently, "Net loan losses" in the income statement is, after the initial recognition of the asset taken over, not affected by any subsequent remeasurement of the asset.

14. Leasing

NBD as lessor

Finance leases

NBD's leasing operations mainly comprise finance leases. A finance lease is reported as a receivable from the lessee in the balance sheet item "Loans to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases

Assets subject to operating leases in the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term. The depreciation of the leased assets is calculated on the basis of NBD's depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

NBD as lessee

Finance leases

In the consolidated accounts finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value, or if lower, the present value of the minimum lease payments of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment testing of leased assets is performed following the same principles as for similar owned assets.

Operating leases

For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of the user's benefit. The lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

Embedded leases

Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and accounted for as leased assets.

15. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under NBD's control, which means that NBD has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in NBD mainly consist of goodwill, computer software and customer related intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of NBD's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is not recognised as a separate asset, but included in "Investments in associated undertakings". Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated companies is not tested for impairment separately, but included in the total carrying amount of the associated company. The policies covering impairment testing of associated companies are disclosed in section 6 "Recognition of operating income and impairment".

Computer software

Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditure directly attributable to preparing the asset for use. Computer software also includes acquired software licences not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of 3 to 10 years.

Customer-related intangible assets

In business combinations a portion of the purchase price is normally allocated to a customer-related intangible asset, if the asset is identifiable and under NBD's control. An intangible asset is identifiable if it arises from contractual or legal rights, or is separable. The asset is amortised over its useful life.

Other intangible assets

Expenditure on acquired patents, trademarks and licences is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

Impairment

Goodwill and other intangible assets with indefinite useful lives are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to indication of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

At each balance sheet date, all intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash-generating units are defined as the customer areas by country. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at the Group's defined post-tax average cost of equity. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. See Note 21 "Intangible assets" for more information on the impairment testing.

16. Property and equipment
Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Property and equipment is depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis. Below follows the current estimates:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining lease term. New construction the shorter of the principles used for owned buildings and the remaining lease term. Fixtures installed in leased properties are depreciated over the shorter of 10-20 years and the remaining lease term.

At each balance sheet date, NBD assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount, but can not exceed the carrying amount that would have been determined had no impairment loss been recognised.

17. Investment property
Investment properties are primarily properties held to earn rent and capital appreciation. Investment properties are measured at fair value. The best evidence of a fair value is normally given by quoted prices in an active market for similar property in the same location and condition. As these prices are rarely available, discounted cash flow projections based on reliable estimates of future cash flows are used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net result from items at fair value".

18. Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement, except to the extent that the tax effect relates to items recognised in other comprehensive income or directly in equity, in which case the tax effect is recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

19. Employee benefits
All forms of consideration given by NBD to its employees as compensation for services performed are employee benefits. Short-term benefits are to be settled within 12 months after the reporting period when the services have been performed. Post-employment benefits are benefits payable after the termination of the employment. Post-employment benefits in NBD consist only of pensions.

Short-term benefits
Short-term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees have performed services to NBD. NBD has also issued share-based payment programmes, which are further described in section 22 "Share-based payment".

More information can be found in Note 7 "Staff costs".

Post-employment benefits
Pension plans
Nordea Bank Danmark A/S has various pension plans,

consisting of both defined benefit plans and defined contribution plans.

The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is recognised as a liability (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset). Non-funded pension plans are recognised as defined benefit obligations.

Most pensions in Nordea Bank Denmark A/S are based on defined contribution arrangements that hold no pension liability for NBD. NBD also contributes to public pension systems.

Pension costs
The pension calculations are carried out by pension plan in accordance with IAS 19.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. NBD's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in Note 33 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement. Rather, only when the net cumulative unrecognised actuarial gain or loss exceeds a "corridor" equal to 10 % of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, is the excess recognised in the income statement over the expected average remaining service period of the employees participating in the plan. Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the NBD entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

Discount rate in Defined Benefit Plans
The discount rate is determined by reference to high-quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. The discount rate is determined with reference to corporate bonds.

20. Equity

Non-controlling interests
Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Danmark A/S.

Other reserves
Other reserves comprise income and expenses, net after tax effects that are reported in equity in accordance with IFRS. These reserves include reserves for cash flow hedges and for financial assets classified into the category Available for sale in accordance with IAS 39 as well as translation differences in accordance with IAS 21.

Retained earnings
Retained earnings comprise undistributed profits from previous years.

In addition, NBD's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

21. Financial guarantee contracts and credit commitments
Upon initial recognition, premiums received on issued financial guarantee contracts and credit commitments are recognised as deferred income on the balance sheet. The guarantees and irrevocable credit commitments are subsequently measured, and recognised on the balance sheet, at the higher of either the received fee less amortisation or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Changes in provisions are recognised in the income statement in the item "Net loan losses".

Premiums received for financial guarantees are, as stated in section 6 "Recognition of operating income and impairment", amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. Premiums received on credit commitments are amortised over the loan commitment period. The contractual amounts are recognised off-balance sheet, financial guarantees in the item "Contingent liabilities" and irrevocable credit commitments in the item "Commitments".

22. Share-based payment
Nordea has annually issued Long Term Incentive Programmes from 2007 through 2010. Employees participating in these programmes are granted share-based and equity-settled rights, that is, rights to receive shares for free or to acquire shares in Nordea at a significant discount to the share price at grant date. According to IFRS 2, the value of such rights is to be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group's estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest. Market performance conditions in D-rights are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

For more information see Note 7 "Staff costs".

23. Related party transactions

NBD defines related parties as

- shareholders with significant influence
- group undertakings and other group companies
- associated undertakings
- key management personnel
- other related parties.

Shareholders with significant influence

Shareholders with significant influence are shareholders that, by any means, have a significant influence over Nordea Bank Danmark A/S. Nordea Bank AB has a significant influence over Nordea Bank Danmark A/S.

Group undertakings and other group companies

For the definition of group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the NBD Group is found in Note 19 "Investments in group undertakings".

Other group companies consist of subsidiaries in Nordea Bank AB and which are not a part of the Nordea Bank Danmark Group.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with the OECD requirements on transfer pricing. These transactions are eliminated in the consolidated accounts.

Associated undertakings

For the definition of associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the NBD Group is found in Note 20 "Investments in associated undertakings".

Key management personnel

Key management personnel includes the following positions:

- the Board of Directors
- the Executive Management.

For information about compensation, pensions and other transactions with key management personnel, see Note 7 "Staff costs" and Note 12 "Commitments with the Board of Directors and the Executive Management".

Other related parties

Other related parties comprise close family members to individuals in key management personnel. Other related parties also include companies significantly influenced by key management personnel in the NBD Group as well as companies significantly influenced by close family members to these key management personnel. Other related parties also include NBD's pension foundations.

Information concerning transactions between Nordea Bank Danmark A/S and other related parties is found in Note 46 "Related-party transactions".

24. Segment reporting

Nordea Bank Danmark A/S does not have debt instruments traded in a public market. Segment reporting in accordance with IFRS 8 is therefore not required for Nordea Bank Danmark. For segment reporting for Nordea Bank AB Group see Note 2 in the financial statements for Nordea Bank AB.

25. Parent company

Changed accounting policies and presentation

The accounting policies, the basis for calculations and presentation, are, in all material aspects, unchanged in comparison with the 2009 Annual Report, except for the classification of lending commissions in the income statement. More information on the classification of lending commissions and the impact on the parent company in 2010 can be found in section 3 "Changed accounting policies and presentation".

More information on other changes in IFRSs implemented in 2010, which have not had any significant impact on the parent company, as well as on forthcoming changes in IFRSs not yet implemented by NBD can also be found in section 3 "Changed accounting policies and presentation". The conclusions in section 3 are, where applicable, relevant also for the parent company.

Accounting policies applicable to the parent company only

Investments in group undertakings and associated undertakings

The parent company's investments in subsidiaries and associated companies are recognised under the cost model. Impairment tests are performed according to IAS 36 "Impairment of Assets". At each balance sheet date, all shares in subsidiaries and associated companies are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and classified as "impairment of securities held as financial non-current assets".

Dividends paid by group undertakings and associated undertakings to the parent company are recognised in the bank's profit when approved by the Annual General Meeting. Dividends from group undertakings and associated undertakings are recognised in the separate income line "Dividends".

Dividends

Dividends paid to the shareholder of Nordea Bank Danmark A/S are recorded as a liability following the approval of the Annual General Meeting.

Note 2
Net interest income

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Interest income				
Loans to credit institutions	983	1,089	1,064	1,145
Loans to the public	20,496	25,592	10,011	12,086
Interest-bearing securities	3,402	6,061	5,287	8,933
Other interest income	2,399	1,702	628	147
Total interest income	**27,280**	**34,444**	**16,990**	**22,311**
Interest expense				
Deposits by credit institutions	-1,682	-3,246	-1,862	-3,565
Deposits and borrowings from the public	-3,259	-6,107	-3,225	-6,120
Debt securities in issue	-8,072	-10,309	-192	-254
Subordinated liabilities	-179	-215	-179	-215
Other interest expenses	-2,447	-3,172	-2,462	-3,163
Total interest expense	**-15,639**	**-23,049**	**-7,920**	**-13,317**
Net interest income	**11,641**	**11,395**	**9,070**	**8,994**

Interest income from financial instruments not measured at fair value through profit or loss amounts to DKK 11,515m (DKK 13,363m) for the group and DKK 10,685m (DKK 11,583m) for the parent company. Interest expenses from financial instruments not measured at fair value through profit or loss amounts to DKK -6,674m (DKK -11,584m) for the group and DKK -6,631m (DKK -11,438m) for the parent company.

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Net interest income				
Interest income	27,047	34,125	16,990	22,311
Leasing income, net	233	319	-	-
Interest expense	-15,639	-23,049	-7,920	-13,317
Total	**11,641**	**11,395**	**9,070**	**8,994**

Note 3
Net fee and commission income

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Asset Management commissions	764	580	764	580
Life insurance	35	39	35	39
Brokerage	1,581	1,533	1,564	1,532
Custody	145	143	145	143
Deposits	23	25	23	25
Total savings related commissions	2,548	2,320	2,531	2,319
Payments	447	452	405	438
Cards	289	279	284	274
Total payment commissions	736	731	689	712
Lending	410	381	250	252
Guarantees and documentary payments	409	383	940	912
Total lending related to commissions	819	764	1,190	1,164
Other commission income	432	346	345	254
Fee and commission income	**4,535**	**4,161**	**4,755**	**4,449**
Payment expenses	-148	-182	-139	-178
Other commission expenses	-358	-370	-225	-244
Fee and commission expenses	**-506**	**-552**	**-364**	**-422**
Net fee and commission income	**4,029**	**3,609**	**4,391**	**4,027**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amount to DKK 433m (DKK 406m) for the group and DKK 273m (DKK 277m) for the parent company. The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to DKK 2,380m (DKK 2,153m) for the group and DKK 2,363m (DKK 2,151m) for the parent company. The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Note 4
Net result from items at fair value

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Shares/participations and other share-related instruments	1,512	531	737	527
Interest-bearing securities and other interest-related instruments[1]	1,560	1,767	1,825	2,065
Other financial instruments	-1,620	-258	-1,649	-258
Foreign exchange gains/losses	191	-149	198	-145
Investment properties	-15	-3	-3	-1
Total	**1,628**	**1,888**	**1,108**	**2,188**
Net result from categories of financial instruments				
Available for sale assets, realised	-	2	-	2
Financial instruments designated at fair value through profit or loss	-754	-1,210	-754	-1,210
Financial instruments held for trading[2]	2,382	3,115	1,861	3,411
Financial instruments under hedge accounting	8	-14	8	-14
of which net losses on hedging instruments	-69	-41	-69	-41
of which net gains on hedged items	77	27	77	27
Other	-8	-5	-7	-1
Total	**1,628**	**1,888**	**1,108**	**2,188**

1 Of which DKK 0m (DKK 0m) related to financial assets and DKK 0m (DKK 0m) related to financial liabilities held at amortised cost for the group.
2 Of which deffered day one profits amounts to DKK 0m for 2010 (DKK 0m) for the group.

Note 5
Dividends

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Investments in group undertakings	-	-	-	-
Investments in associated undertakings	-	-	203	156
Total	**-**	**-**	**203**	**156**

Note 6
Other operating income

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Income from group companies	511	417	664	528
Disposals of tangible and intangible assets	2	1	2	1
Other	261	212	255	150
Total	**774**	**630**	**921**	**679**

Note 7
Staff costs

	Group		Parent company	
DKKm	2010	2009	2010	2009
Salaries and remuneration (specification below)	-4,799	-4,704	-4,565	-4,520
Pension costs (specification below)	-515	-440	-496	-422
Social insurance contributions	-453	-426	-444	-419
Allocational profit-sharing foundation	-50	-233	-49	-224
Other staff costs	-184	-175	-179	-171
Total	**-6,001**	**-5,978**	**-5,733**	**-5,756**
Salaries and remuneration				
To the Executive Management[1]				
- Fixed salary and benefits	-16	-15	-16	-15
- Variable salary	0	-2	0	-2
Total	**-16**	**-17**	**-16**	**-17**
To other employees	-4,783	-4,687	-4,549	-4,503
Total	**-4,799**	**-4,704**	**-4,565**	**-4,520**
Pension costs				
Defined benefits plans (note 33)	4	-5	4	-5
The Executive Management[2]	-9	-8	-9	-8
Defined contribution plans	-510	-427	-491	-409
Total	**-515**	**-440**	**-496**	**-422**
Compensation etc to the Board of Directors and the Executive Management including pension[1]				
The Executive Management	-26	-25	-26	-25
The Board of Directors	0	-	0	-
Total	**-26**	**-25**	**-26**	**-25**

[1] The Executive Management include the Board of Directors and the Executive Management of the parent company Nordea Bank Danmark A/S (including former members of the Executive Management). The Executive Management amounts in 2010 unchanged to 10 individuals in the Group and in the parent company. Exclusive long-term programmes.

[2] Including former members of the Executive Management DKK 5m (2009: DKK 4m).

Note 7
Staff costs *(cont.)*

Share-based payment

Group

Conditional Rights LTIP 2010	Matching Share	2010 Performance Share I	Performance Share II
Granted	255,898	511,796	255,898
Forfeited	-	-	-
Outstanding at end of year	**255,898**	**511,796**	**255,898**
Of which currently exercisable	-	-	-

	2010			2009		
Conditional Rights LTIP 2009	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	4,510	9,020	4,510	-	-	-
Granted	-	-	-	4,510	9,020	4,510
Forfeited	-	-4,510	-2,706	-	-	-
Outstanding at end of year	**4,510**	**4,510**	**1,804**	**4,510**	**9,020**	**4,510**
Of which currently exercisable	-	-	-	-	-	-

	2010			2009		
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	135,830	140,541	108,664	140,541	140,541	140,541
Forfeited	-	-4,711	-	-4,711	-	-31,877
Exercised	-96,882	-98,623	-77,944	-	-	-
Outstanding at end of year	**38,948**	**37,207**	**30,720**	**135,830**	**140,541**	**108,664**
Of which currently exercisable	38,948	37,207	30,720	-	-	-

	2010			2009		
Conditional Rights LTIP 2007	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	59,681	59,628	59,438	122,349	119,644	122,349
Forfeited	-	-	-	-1,473	-1,473	-1,473
Exercised	-46,828	-50,384	-47,993	-61,195	-58,543	-61,438
Outstanding at end of year	**12,853**	**9,244**	**11,445**	**59,681**	**59,628**	**59,438**
Of which currently exercisable	12,853	9,244	11,445	59,681	59,628	59,438

Note 7
Staff costs *(cont.)*

Share-based payment

Parent

Conditional Rights LTIP 2010	2010 Matching Share	Performance Share I	Performance Share II
Granted	250,279	500,558	250,279
Forfeited	-	-	-
Outstanding at end of year	**250,279**	**500,558**	**250,279**
Of which currently exercisable	-	-	-

Conditional Rights LTIP 2009	2010 A Rights	B-C Rights	D Rights	2009 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	-	-	-	-	-	-
Granted	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Outstanding at end of year	**-**	**-**	**-**	**-**	**-**	**-**
Of which currently exercisable	-	-	-	-	-	-

Conditional Rights LTIP 2008	2010 A Rights	B-C Rights	D Rights	2009 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	132,751	137,462	106,201	137,462	137,462	137,462
Forfeited	-	-4,711	-	-4,711	-	-31,261
Exercised	-93,803	-95,544	-75,481	-	-	-
Outstanding at end of year	**38,948**	**37,207**	**30,720**	**132,751**	**137,462**	**106,201**
Of which currently exercisable	38,948	37,207	30,720	-	-	-

Conditional Rights LTIP 2007	2010 A Rights	B-C Rights	D Rights	2009 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	59,538	59,488	59,295	119,429	116,789	119,429
Forfeited	-	-	-	-1,473	-1,473	-1,473
Exercised	-46,685	-50,244	-47,850	-58,418	-55,828	-58,661
Outstanding at end of year	**12,853**	**9,244**	**11,445**	**59,538**	**59,488**	**59,295**
Of which currently exercisable	12,853	9,244	11,445	59,538	59,488	59,295

Note 7
Staff costs *(cont.)*

Long Term Incentive Programmes

Participation in the Long Term Incentive programmes (LTIPs) requires that the participants take direct ownership by investing in Nordea shares.

	LTIP 2010			LTIP 2009		
	Matching Share	Performance Share I	Performance Share II	A Rights	B-C Rights	D Rights
Ordinary share per right	1.00	1.00	1.00	1.00	1.00	1.00
Exercise price, EUR	0.00	0.00	0.00	0.77	0.38	0.38
Grant date	13 May 2010	13 May 2010	13 May 2010	14 May 2009	14 May 2009	14 May 2009
Vesting period, months	36	36	36	24	24	24
Contractual life, months	36	36	36	48	48	48
First day of exercise	May 2013	May 2013	May 2013	April 2011	April 2011	April 2011
Fair value at grant date, EUR	6.75	6.75	2.45	4.66	5.01	1.75

	LTIP 2008			LTIP 2007		
	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Ordinary share per right	1.30	1.30	1.30	1.30	1.30	1.30
Exercise price, EUR	2.30	1.53	1.53	2.53	1.00	1.00
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period, months	24	24	24	24	24	24
Contractual life, months	48	48	48	48	48	48
First day of exercise	29 April 2010	29 April 2010	29 April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date, EUR	7.53	8.45	4.14	8.76	10.49	7.76

Conditions and requirements

For each ordinary share the participants lock in to the LTIPs, they are granted a conditional A-right/Matching Share to acquire or receive ordinary shares based on continued employment and the conditional B-D-rights/Performance Share I and II to acquire or receive additional ordinary shares based on fulfilment of certain performance conditions. The performance conditions for B- and C-rights and for Performance Share I comprise a target growth in risk adjusted profit per share (RAPPS). Should the reported earnings per share (EPS) be lower than a predetermined level the participants are not entitled to exercise any B- or C-rights or Performance Share I. The performance condition for D-rights and for Performance Share II is market related and comprises growth in total shareholder return (TSR) in comparison with a peer group's TSR.

When the performance conditions are not fully fulfilled, the rights that are no longer exercisable are shown as forfeited in the previous tables, as well as shares forfeited due to participants leaving the Nordea Group.

The exercise price for the ordinary shares is adjusted for dividends, however never adjusted below a predetermined price. Furthermore the profit for each right is capped.

Note 7
Staff costs *(cont.)*

	LTIP 2010	LTIP 2009	LTIP 2008
Service condition, A-D-rights/ Matching Share/ Performance Share I and II	Employed within the Nordea Group during the three year vesting period.	Employed within the Nordea Group during the two year vesting period.	Employed within the Nordea Group during the two year vesting period.
Performance condition, B-rights/ Performance Share I	Compound Annual Growth Rate in RAPPS from year 2009 (base year) to and including year 2012. Full right to exercise will be obtained if the Compound Annual Growth Rate amount to or exceed 9%.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 8% or more.	Increase in RAPPS 2008 compared to 2007. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, B-rights/ Performance Share I	Average reported EPS for 2010-2012 lower than EUR 0.26.	Reported EPS for 2009 lower than EUR 0.17.	Reported EPS for 2008 lower than EUR 0.80.
Performance condition, C-rights	-	Increase in RAPPS 2010 compared to 2009. Full right to exercise will be obtained if RAPPS increases by 8% or more.	Increase in RAPPS 2009 compared to 2008. Full right to exercise was obtained if RAPPS increased by 12% or more.
EPS knock out, C-rights	-	Reported EPS for 2010 lower than EUR 0.17.	Reported EPS for 2009 lower than EUR 0.52.
Performance conditions, D-rights/ Performance Share II	TSR during 2010-2012 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1-5.	TSR during 2009-2010 in comparison to a peer group. Full right to exercise will be obtained if Nordea is ranked number 1.	TSR during 2008-2009 in comparison to a peer group. Full right to exercise was obtained if Nordea was ranked number 1.
Cap	The market value of the allotted shares is capped to the participant's annual salary for year-end 2009.	The profit per A-D-rights is capped to EUR 9.59 per right.	The profit per A-D-rights is capped to EUR 21.87 per right.
Exercise price adjustments	-	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.	The exercise price will be adjusted for dividends during the exercise period, however never adjusted below EUR 0.10.

Note 7
Staff costs *(cont.)*

Fair value calculations (Group/parent company)

The fair value is measured through the use of generally accepted valuation models with the following input factors:

	LITP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Weighted average share price, EUR	6.93	5.79	11.08	12.33
Right life, years	3.00	2.50	2.50	3.00
Deduction of expected dividends	No	Yes	Yes	Yes
Risk free rate, %	1.99	1.84	3.83	4.20
Expected volatility, %	40.00	29.00	21.00	20.00

Expected volatility is based on historical values. As the exercise price (zero for LTIP 2010) is significantly below the share price at grant date, the value has a limited sensitivity to expected volatility and risk-free interest. The fair value calculations are also based on estimated early exercise behaviour during the programme's exercise windows, however not applicable for LTIP 2010.

The value of the D-rights/Performance Share II are based on market related conditions and fulfilment of the TSR targets has been taken into consideration when calculating the right's fair value at grant. When calculating the impact from the TSR target it has been assumed that all possible outcomes have equal possibilities.

Expenses

	Group				Parent company			
DKKm	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007	LTIP 2010	LTIP 2009	LTIP 2008	LTIP 2007
Expected expense	5.13	0.60	25.85	16.54	5.02	-	25.33	16.46
Maximum expense	5.71	0.89	39.04	19.52	5.58	-	38.14	19.44
Total expense 2010[1]	5.48	0.22	10.80	-	5.36	-	10.60	-
Total expense 2009	-	0.61	5.99	4.46	-	-	5.85	4.35

[1] Of which DKK 1.7m (DKK 1.1m) is related to the executive management and DKK 0.0m (DKK 0.0m) is related to the Board of Directors.

When calculating the expected expense an expected annual employee turnover of 5% has been used in LTIP 2010. The expected expense is recognised over the vesting period of 36 months (LTIP 2010) and 24 months (LTIP 2009, 2008 and 2007).

Note 8
Other expenses

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Information technology[1]	-1,257	-1,071	-1,237	-1,049
Marketing and entertainment[2]	-177	-146	-175	-143
Postage, transportation, telephone and office expenses	-382	-393	-370	-377
Rents, premises and real estate	-857	-816	-856	-815
Disposals of tangible and intangible assets	-2	-1	-2	-1
Other[2,3]	-411	-552	-290	-510
Total	**-3,086**	**-2,979**	**-2,930**	**-2,895**

1 Refers to IT operations, service expenses and consultant fees.
2 Comparative figures have been restated to reflect new categories in 2010.
3 Including fees and remuneration to auditors distributed as follows.

Auditors' remuneration	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Auditing assignments	-4	-4	-3	-3
Audit-related services	-1	0	-1	-
Tax advisory services	-1	-2	0	-2
Other assignments	0	-1	0	-1
Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit	**-6**	**-7**	**-4**	**-6**

Note 9
Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Property and equipment (note 22)				
Equipment	-124	-103	-105	-93
Buildings	-2	0	-1	0
Intangible assets (note 21)				
Goodwill	-	-	-	-
Internally developed software	-52	-34	-36	-34
Other intangible assets	-52	-22	-33	-11
Total	**-229**	**-159**	**-174**	**-138**

Impairment charges/Reversed impairment charges

	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Property and equipment (note 22)				
Equipment	-	-	-	-
Buildings	-	-	-	-
Intangible assets (note 21)				
Goodwill	-	-	-	-
Internally developed software	-6	-	-6	-
Other intangible assets	-	-	-	-
Total	**-6**	**-**	**-6**	**-**
Total	**-235**	**-159**	**-180**	**-138**

Note 10
Net loan losses

Net loan losses divided by class

	Group		Parent company	
DKKm	2010	2009	2010	2009
Loans to credit institutions	0	0	0	0
- of which provisions	-	-	-	-
- of which write-offs	-	-	-	-
- of which allowances used for covering write-offs	-	-	-	-
- of which reversals	0	0	0	0
Loans to the public	-2,527	-3,944	-2,284	-3,174
- of which provisions	-3,999	-4,744	-3,394	-3,885
- of which write-offs	-1,610	-1,464	-1,416	-1,329
- of which allowances used for covering write-offs	1,353	1,171	1,180	1,068
- of which reversals	1,565	954	1,215	844
- of which recoveries	164	139	131	128
Off-balance sheet items[1]	-872	-1,169	-887	-1,641
- of which provisions	-906	-1,251	-1,049	-1,722
- of which write-offs	-390	-	-390	-
- of which allowances used for covering write-offs	390	-	390	-
- of which reversals	33	82	162	81
Total	**-3,399**	**-5,113**	**-3,172**	**-4,815**

Specification of Net loan losses				
Changes of allowance accounts in the balance sheet	-3,306	-4,958	-3,066	-4,681
- of which Loans, individually assessed[2]	-2,360	-2,689	-2,035	-2,329
- of which Loans, collectively assessed[2]	-74	-1,100	-144	-711
- of which Off-balance sheet items, individually assesed[1]	-880	-1,227	-955	-1,380
- of which Off-balance sheet items, collectively assessed[1]	8	58	68	-261
Changes directly recognised in the income statement	-93	-155	-106	-134
- of which realised loan losses, individually assessed	-257	-293	-237	-261
- of which realised loan losses, collectively assessed	-	-	-	-
- of which realised recoveries, individually assessed	164	139	131	127
- of which realised recoveries, collectively assessed	-	-	-	-
Total	**-3,399**	**-5,113**	**-3,172**	**-4,815**

[1] Included in note 32 Provisions as “Transfer risk, off-balance”, “Individually and collectively assessed, off-balance sheet” and “Other provisions”.
[2] Included in note 13 Loans and their impairment.

Key ratios				
Loan loss ratio, basis points[1]	50.8	77.7	86.0	128.1
- of which individual	49.8	60.7	84.0	100.2
- of which collective	1.0	17.0	2.0	27.9

[1] Net loan losses (annualised) divided by opening balance of loans to the public (lending).

Note 11
Taxes

Income tax expense

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Current tax[1]	-687	-836	-580	-500
Deferred tax[1]	-390	85	14	2
Total	**-1,077**	**-751**	**-566**	**-498**

[1] Of which relating to prior years (see below)

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Denmark as follows:

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Profit before tax	4,557	2,201	2,665	1,098
Tax calculated at a tax rate of 25%	-1,139	-550	-666	-275
Tax-exempt income	54	78	94	54
Non-deductible expenses	-29	-22	-28	-22
Adjustments relating to prior years	44	-253	41	-251
Not creditable foreign taxes	-7	-4	-7	-4
Tax charge	**-1,077**	**-751**	**-566**	**-498**
Average effective tax rate	24%	34%	21%	45%

Note 11
Taxes *(cont.)*

Deferred tax

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences	-390	85	14	2
Deferred tax due to change of tax rate	-	-	-	-
Income tax expense, net	**-390**	**85**	**14**	**2**
Deferred tax assets				
Deferred tax assets due to temporary differences	150	393	-	-
Offset against tax liabilities	-	-	-	-
Total	**150**	**393**	**-**	**-**
of which expected to be settled after more than 1 year	150	393	-	-
Deferred tax liabilities				
Deferred tax liabilities due to temporary differences	-801	-654	-39	-53
Offset against tax assets	-	-	-	-
Total	**-801**	**-654**	**-39**	**-53**
of which expected to be settled after more than 1 year, gross	-866	-756	-103	-153
Deferred tax assets (+)/liabilities (-), net				
Deferred tax assets/liabilities in loans to the public	-545	-594	-	-
Deferred tax assets/liabilities in intangible assets	-335	-199	-325	-192
Deferred tax assets/liabilities in property and equipment	27	33	30	36
Deferred tax assets/liabilities in retirement benefit obligations	-43	-39	-43	-39
Deferred tax assets/liabilities in other provisions	122	145	120	142
Deferred tax assets/liabilities in unlisted shares	-27	-	179	-
Deferred tax assets due to tax loss	150	393	-	-
Deferred tax assets/liabilities, net	**-651**	**-261**	**-39**	**-53**
Movements in deferred tax assets/liabilities, net are as follows:				
Deferred tax relating to items recognised in other comprehensive income	-	-	-	-
Acquisition	-	393	-	-
Deferred tax in the income statement	-390	85	14	2
At end of year	**-390**	**478**	**14**	**2**
Current tax assets	1,071	1,831	1,279	2,161
Of which expected to be settled after more than 1 year	-	-	-	-
Current tax liabilities	172	168	170	168
Of which expected to be settled after more than 1 year	-	-	-	-
Unrecognised deferred tax assets				
Unused tax losses	401	482	-	-
Unused tax credits	-	-	-	-
Total	**401**	**482**	**-**	**-**

There is no deferred tax relating to temporary differences associated with investments in group undertakings and associated undertakings except from private equity investments.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable. The tax asset recognised relates to Fionia Asset Company A/S.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax income taxes related to the same fiscal authority.

Note 12
Commitments with the Board of Directors and the Executive Management

Loans to and charges or guarantees issued and related security established for the members of the bank's Executive Management and Board of Directors and their family members:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Loans etc				
The Executive Management	5	5	0	0
The Board of Directors	5	5	0	0
Security				
The Executive Management	5	5	0	0
The Board of Directors	5	5	0	0

Interest income on these loans to members of the bank's Executive Management and Board af Directors amounts to DKK 0.3m (DKK 0.6m) in the Group and DKK 0.0m (DKK 0.0m) in the parent company.

Loans to members of the bank's Executives Management and Board of Directors consists of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on terms based on market conditions. At the end of 2010 interest on the loans was payable at the rate of 2.3-3.2% and 2.0-4.0% per year, respectively. Loans to family members of the Executives Management and the Board of Directors are granted on the same terms.

Loans etc. to members of the Board of Directors in the parent company Nordea Bank AB consists of current accounts with overdraft facilities and mortgage loans with Nordea Kredit. At the end of 2010 the loans amounted in DKK 6m and interest on the loans was payable at a rate of 2-5% on terms based on market conditions.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any member of the Executive Management and Board of Directors and their family members.

Note 13
Loans and their impairment

Group	Credit institutions		The public[1]		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009	2010	2009
Loans, not impaired	77,898	97,826	673,301	665,860	751,199	763,686
Impaired loans:	-	-	13,236	10,009	13,236	10,009
- of which performing	-	-	9,386	7,116	9,386	7,116
- of which non-performing	-	-	3,850	2,893	3,850	2,893
Loans before allowances	**77,898**	**97,826**	**686,537**	**675,869**	**764,435**	**773,695**
Allowances for individually assessed impaired loans	-	-	-5,247	-4,240	-5,247	-4,240
- of which performing	-	-	-3,153	-2,829	-3,153	-2,829
- of which non-performing	-	-	-2,094	-1,411	-2,094	-1,411
Allowances for collectively assessed impaired loans	0	0	-1,975	-1,894	-1,975	-1,894
Allowances	**0**	**0**	**-7,222**	**-6,134**	**-7,222**	**-6,134**
Loans, carrying amount	**77,898**	**97,826**	**679,315**	**669,735**	**757,213**	**767,561**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans to the public, see note 23 Leasing.

Note 13
Loans and their impairment *(cont.)*

Parent company	Credit institutions		The public		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009	2010	2009
Loans, not impaired	148,437	149,581	359,246	367,775	507,683	517,358
Impaired loans:	-	-	8,082	5,681	8,082	5,681
- of which performing	-	-	5,085	3,565	5,085	3,565
- of which non-performing	-	-	2,997	2,116	2,997	2,116
Loans before allowances	**148,437**	**149,581**	**367,328**	**373,456**	**515,765**	**523,037**
Allowances for individually assessed impaired loans	-	-	-4,579	-3,293	-4,579	-3,293
- of which performing	-	-	-2,484	-1,534	-2,484	-1,534
- of which non-performing	-	-	-2,095	-1,759	-2,095	-1,759
Allowances for collectively assessed impaired loans	0	0	-1,636	-1,399	-1,636	-1,399
Allowances	**0**	**0**	**-6,215**	**-4,692**	**-6,215**	**-4,692**
Loans, carrying amount	**148,437**	**149,581**	**361,114**	**368,764**	**509,551**	**518,345**

Reconciliation of allowance accounts for impaired loans[2]

Group

	Credit institutions			The public		
DKKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2010	**-**	**0**	**0**	**-4,240**	**-1,894**	**-6,134**
Provisions	-	0	0	-3,127	-872	-3,999
Reversals	-	0	0	767	798	1,565
Changes through the income statement	**-**	**0**	**0**	**-2,360**	**-74**	**-2,434**
Allowances used to cover write-offs	-	-	-	1,353	-	1,353
Translation differences	-	-	-	0	-8	-8
Closing balance at 31 Dec 2010	**-**	**0**	**0**	**-5,247**	**-1,975**	**-7,222**
Opening balance at 1 Jan 2009	**-**	**-1**	**-1**	**-2,333**	**-687**	**-3,020**
Provisions	-	0	0	-3,387	-1,357	-4,744
Reversals	-	1	1	698	257	955
Changes through the income statement	**-**	**1**	**1**	**-2,689**	**-1,100**	**-3,789**
Allowances used to cover write-offs	-	-	-	1,171	-	1,171
Other adjustments	-	-	-	-410	-86	-496
Translation differences	-	-	-	21	-21	0
Closing balance at 31 Dec 2009	**-**	**0**	**0**	**-4,240**	**-1,894**	**-6,134**

[2] See note 10 Net loan losses.

Note 13
Loans and their impairment *(cont.)*

Reconciliation of allowance accounts for impaired loans[2]

Group *(cont.)*

DKKm	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2010	**-4,240**	**-1,894**	**-6,134**
Provisions	-3,127	-872	-3,999
Reversals	767	798	1,565
Changes through the income statement	**-2,360**	**-74**	**-2,434**
Allowances used to cover write-offs	1,353	-	1,353
Translation differences	0	-8	-8
Closing balance at 31 Dec 2010	**-5,247**	**-1,975**	**-7,222**
Opening balance at 1 Jan 2009	**-2,333**	**-687**	**-3,020**
Provisions	-3,387	-1,357	-4,744
Reversals	698	257	955
Changes through the income statement	**-2,689**	**-1,100**	**-3,789**
Allowances used to cover write-offs	1,171	-	1,171
Other adjustments	-410	-86	-496
Translation differences	21	-21	0
Closing balance at 31 Dec 2009	**-4,240**	**-1,894**	**-6,134**

[2] See note 10 Net loan losses.

Parent company

	Credit institutions			The public		
DKKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2010	**-**	**0**	**0**	**-3,293**	**-1,399**	**-4,692**
Provisions	-	0	0	-2,668	-726	-3,394
Reversals	-	0	0	633	582	1,215
Changes through the income statement	**-**	**0**	**0**	**-2,035**	**-144**	**-2,179**
Allowances used to cover write-offs	-	-	-	1,180	-	1,180
Other adjustments	-	-	-	-410	-86	-496
Translation differences	-	-	-	-20	-8	-28
Closing balance at 31 Dec 2010	**-**	**0**	**0**	**-4,579**	**-1,636**	**-6,215**
Opening balance at 1 Jan 2009	**-**	**-1**	**-1**	**-2,033**	**-686**	**-2,719**
Provisions	-	0	0	-2,921	-964	-3,885
Reversals	-	1	1	592	252	844
Changes through the income statement	**-**	**1**	**1**	**-2,329**	**-712**	**-3,041**
Allowances used to cover write-offs	-	-	-	1,068	-	1,068
Translation differences	-	-	-	0	-1	-1
Closing balance at 31 Dec 2009	**-**	**0**	**0**	**-3,293**	**-1,399**	**-4,692**

DKKm	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2010	**-3,293**	**-1,399**	**-4,692**
Provisions	-2,668	-726	-3,394
Reversals	633	582	1,215
Changes through the income statement	**-2,035**	**-144**	**-2,179**
Allowances used to cover write-offs	1,180	-	1,180
Other adjustments	-410	-86	-496
Translation differences	-20	-8	-28
Closing balance at 31 Dec 2010	**-4,579**	**-1,636**	**-6,215**
Opening balance at 1 Jan 2009	**-2,033**	**-687**	**-2,720**
Provisions	-2,921	-964	-3,885
Reversals	592	253	845
Changes through the income statement	**-2,329**	**-711**	**-3,040**
Allowances used to cover write-offs	1,068	-	1,068
Translation differences	0	-1	-1
Closing balance at 31 Dec 2009	**-3,293**	**-1,399**	**-4,692**

Note 13
Loans and their impairment *(cont.)*

Allowances and provisions

Group

	Credit institutions		The public		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009	2010	2009
Allowances for items in the balance sheet	0	0	-7,222	-6,134	-7,222	-6,134
Provisions for off balance sheet items	-11	-20	-2,031	-1,497	-2,042	-1,517
Total allowances and provisions	**-11**	**-20**	**-9,253**	**-7,631**	**-9,264**	**-7,651**
Parent company						
Allowances for items in the balance sheet	0	0	-6,215	-4,692	-6,215	-4,692
Provisions for off balance sheet items	-11	-20	-2,633	-2,085	-2,644	-2,105
Total allowances and provisions	**-11**	**-20**	**-8,848**	**-6,777**	**-8,859**	**-6,797**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Key ratios (basis points)	2010	2009	2010	2009
Impairment rate, gross[3]	173.1	129.4	156.7	108.6
Impairment rate, net[4]	104.5	74.6	67.9	45.7
Total allowance rate[5]	94.5	79.3	120.5	89.7
Allowance in relation to impaired loans[6], %	39.6	42.4	56.7	58.0
Total allowances in relation to impaired loans[7], %	54.6	61.3	76.9	82.6
Non-performing loans, not impaired[8], DKKm	1,250	853	855	473

[3] Individually assessed impaired loans before allowances divided by total loans before allowances.
[4] Individually assessed impaired loans after allowances divided by total loans before allowances.
[5] Total allowances divided by total loans before allowances.
[6] Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.
[7] Total allowances divided by total impaired loans before allowances.
[8] Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 14
Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Issued by public bodies	44,263	41,615	44,263	41,615
Issued by other borrowers	73,407	131,428	147,112	216,355
Total	**117,670**	**173,043**	**191,375**	**257,970**
Listed securities	117,670	173,043	191,375	257,970
Unlisted securities	-	-	-	-
Total	**117,670**	**173,043**	**191,375**	**257,970**
Of which financial instruments pledged as collateral (note 15)	-17,837	-80,411	-31,254	-98,255
Total	**99,833**	**92,632**	**160,121**	**159,715**

Note 15
Financial instruments pledged as collateral

Financial instruments pledged as collateral
In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

	Group		Parent company	
DKKm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Repurchase agreements	17,837	80,411	31,254	98,255
Securities lending agreements	3,642	529	3,642	529
Total	**21,479**	**80,940**	**34,896**	**98,784**

Transferred assets that are still recognised in the balance sheet and associated liabilities
The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. Therefore, these assets and its associated liabilities are included in the tables below.

	Group		Parent company	
DKKm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Repurchase agreements				
Interest-bearing securities	17,837	80,411	31,254	98,255
Shares	-	-	-	-
Securities lending agreements				
Interest-bearing securities	-	-	-	-
Shares	3,642	529	3,642	529
Securitisations				
Interest-bearing securities	637	984	-	-
Other	-	-	-	-
Total	**22,116**	**81,924**	**34,896**	**98,784**
Liabilities associated with the assets				
Repurchase agreements				
Deposits by credit institutions	11,620	61,374	24,950	79,307
Deposits and borrowings from the public	5,729	18,190	5,729	18,190
Securities lending agreements				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Securitisations				
Debt securities in issue	612	957	-	-
Other	-	-	-	-
Total	**17,961**	**80,521**	**30,679**	**97,497**

Note 16
Shares

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Shares held for trading	20,591	16,962	20,034	16,608
Total	**20,591**	**16,962**	**20,034**	**16,608**
Listed shares	14,569	11,598	14,569	11,253
Unlisted shares	6,022	5,364	5,465	5,355
Total	**20,591**	**16,962**	**20,034**	**16,608**
Of which financial instruments pledged as collateral (note 15)	-3,642	-529	-3,642	-529
Total	**16,949**	**16,433**	**16,392**	**16,079**
Of which expected to be settled after more than 1 year	3,475	2,478	2,919	2,469

Note 17
Derivatives and hedge accounting

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
DKKm, 31 Dec 2010	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	238	3,184	902,292	238	3,184	902,292
FRAs	3	6	4,000	3	6	4,000
Futures and forwards	3,770	917	465,485	3,770	917	465,485
Options	79	78	184	79	78	184
Other	-	-	-	-	-	-
Total	**4,090**	**4,185**	**1,371,961**	**4,090**	**4,185**	**1,371,961**
Equity derivatives						
Equity swaps	-	-	-	-	-	-
Futures and forwards	127	123	3,593	127	123	3,593
Options	12	12	0	12	12	0
Other	-	-	-	-	-	-
Total	**139**	**135**	**3,593**	**139**	**135**	**3,593**
Foreign exchange derivatives						
Currency and interest rate swaps	39	204	134,902	39	204	134,902
Currency forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**39**	**204**	**134,902**	**39**	**204**	**134,902**
Credit derivatives						
Credit default swaps	157	2,053	5,591	157	2,053	5,591
Total	**157**	**2,053**	**5,591**	**157**	**2,053**	**5,591**
Total derivatives held for trading	**4,425**	**6,577**	**1,516,047**	**4,425**	**6,577**	**1,516,047**

Note 17
Derivatives and hedge accounting *(cont.)*

DKKm, 31 Dec 2010	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	24	427	13,654	24	427	13,654
Options	-	-	-	-	-	-
Total	**24**	**427**	**13,654**	**24**	**427**	**13,654**
Equity derivatives						
Options	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange derivatives						
Currency and interest rate swaps	182	73	14,801	182	73	14,801
Currency forwards	-	-	-	-	-	-
Total	**182**	**73**	**14,801**	**182**	**73**	**14,801**
Total derivatives used for hedge accounting	**206**	**500**	**28,455**	**206**	**500**	**28,455**
Of which						
- Fair value hedges	206	500	28,455	206	500	28,455
- Cash flow hedges	-	-	-	-	-	-
Total derivatives held for trading	4,425	6,577	1,516,047	4,425	6,577	1,516,047
Total derivatives used for hedge accounting	206	500	28,455	206	500	28,455
Total derivatives	**4,631**	**7,077**	**1,544,502**	**4,631**	**7,077**	**1,544,502**

Note 17
Derivatives and hedge accounting *(cont.)*

DKKm, 31 Dec 2009	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	525	2,123	795,629	448	2,009	792,073
FRAs	5	3	4,000	-	-	-
Futures and forwards	2,651	2,049	391,962	2,642	2,039	390,253
Options	16	11	546	7	9	167
Other	-	-	-	-	-	-
Total	**3,197**	**4,186**	**1,192,137**	**3,097**	**4,057**	**1,182,493**
Equity derivatives						
Equity swaps	-	-	-	-	-	-
Futures and forwards	441	485	10,835	441	485	10,835
Options	-1	10	0	-1	10	0
Other	-	-	-	-	-	-
Total	**440**	**495**	**10,835**	**440**	**495**	**10,835**
Foreign exchange derivatives						
Currency and interest rate swaps	97	208	166,041	98	208	166,041
Currency forwards	96	62	6,979	-	-	-
Options	6	6	293	-	-	-
Other	41	33	0	-	-	-
Total	**240**	**309**	**173,313**	**98**	**208**	**166,041**
Credit derivatives						
Credit default swaps	418	842	28,278	418	842	28,278
Total	**418**	**842**	**28,278**	**418**	**842**	**28,278**
Total derivatives held for trading	**4,295**	**5,832**	**1,404,563**	**4,053**	**5,602**	**1,387,647**

Note 17
Derivatives and hedge accounting *(cont.)*

DKKm, 31 Dec 2009	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	165	434	40,177	165	434	40,177
Options	-	-	-	-	-	-
Total	**165**	**434**	**40,177**	**165**	**434**	**40,177**
Equity derivatives						
Options	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange derivatives						
Currency and interest rate swaps	4	44	4,960	4	44	4,960
Currency forwards	-	-	-	-	-	-
Total	**4**	**44**	**4,960**	**4**	**44**	**4,960**
Total derivatives used for hedge accounting	**169**	**478**	**45,137**	**169**	**478**	**45,137**
Of which						
- Fair value hedges	169	478	45,137	169	478	45,137
- Cash flow hedges	-	-	-	-	-	-
Total derivatives held for trading	4,295	5,832	1,404,563	4,053	5,602	1,387,647
Total derivatives used for hedge accounting	169	478	45,137	169	478	45,137
Total derivatives	**4,464**	**6,310**	**1,449,700**	**4,222**	**6,080**	**1,432,784**

Note 18
Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Carrying amount at beginning of year	310	217	310	217
Changes during the year:				
Revaluation of hedged items	-17	93	-17	93
Carrying amount at end of year	**293**	**310**	**293**	**310**

Liabilities

DKKm	Group 2010	Group 2009	Parent company 2010	Parent company 2009
Carrying amount at beginning of year	82	-24	82	-24
Changes during the year:				
Revaluation of hedged items	-94	106	-94	106
Carrying amount at end of year	**-12**	**82**	**-12**	**82**
Net book value at end of year	**305**	**228**	**305**	**228**

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability.

Note 19
Investments in group undertakings

Parent company

DKKm	31 Dec 2010	31 Dec 2009
Acquisition value at beginning of year	10,349	7,943
Acquisitions during the year	6,072	2,401
Reclassification	149	-
Adjustment to equity lower of cost	9	5
Acquisition value at end of year	**16,579**	**10,349**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**16,579**	**10,349**
Of which, listed shares	-	-

The total amount is expected to be settled after more than 1 year.

Note 19
Investments in group undertakings *(cont.)*

Group companies

31 Dec 2010	Number of shares	Carrying amount 2010 DKKm	Carrying amount 2009 DKKm	Voting power of holding %	Domicile	Registration number
Fionia Asset Company A/S	48,742,586	8,464	2,401	100	Copenhagen	31934745
Ejendomsselskabet Vestre Stationsvej 7, Odense A/S	34,266,112	-	-	100	Glostrup	24205533
Ejendomsselskabet Fjordsgade 10, Odense A/S	500,000	-	-	100	Glostrup	31346533
Nordea Finans Danmark A/S	20,006	483	483	100	Høje-Taastrup	89805910
Nordea Kredit Realkreditaktieselskab	17,172,500	7,428	7,428	100	Copenhagen	15134275
Danbolig A/S	1	19	10	100	Copenhagen	13186502
Structured Finance Servicer A/S	2	2	2	100	Copenhagen	24606910
NJK1 ApS	12,500,000	159	-	100	Copenhagen	32771610
Nordea Finance Ltd.	2	24	24	100	London	1654761
Hermes Mortgage Ltd.	5,000	-	-	100	London	1620201
Nordea Nominees Ltd.	20,002	-	-	100	London	1096657
Unidanmark Asset Company Ltd.	20,000	-	-	100	London	984871
Nordea Trade Services Ltd.	2	-	-	100	Hong-Kong	04548614-003-10-0-09-7
Total		**16,579**	**10,349**			

Special Purpose Entities (SPE's) - Consolidated

DKKm, 31 Dec 2010	Purpose	Duration	Nordea's investment	Total assets
CMO Denmark A/S[1]	Collateralised mortgage obligation	> 5 years	68	129
Kalmar Structured Finance A/S[2]	Credit Linked Note	Between 1-5 years	173	508
Total			**241**	**637**

[1] Collateralised Mortgage Obligations Denmark A/S (CMO Denmark A/S) was established with the purpose to issue CMOs in order to meet specific customer preferences in terms of credit risk, interest rate risk, prepayment risk, maturity etc. The SPE purchased a pool of mortgage bonds and reallocated the risks through tranching a similar bond issue (CMOs). At year end 2010 the total notional of outstanding bonds were DKK 129m available to investors. Nordea holds bonds issued by CMO Denmark A/S as part of offering a secondary market for the bonds. The investment amounted to DKK 68m as of year end 2010.

[2] Kalmar Structured Finance A/S was established to allow customers to invest in structured products in the global credit markets. The SPE enters into Credit Default Swaps (CDS) and hereby acquires a credit risk on an underlying portfolio of names (like corporate names) and at the same time the SPE issues Credit Linked Notes (CLN) with a similar credit risk that reflects the terms in the CDSs. Nordea is the counterpart in the derivative transactions. The total notional of outstanding CLNs in this category was DKK 508m at year end 2010. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to DKK 173m at year end 2010.

Note 20
Investments in associated undertakings

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Acquisition value at beginning of year	410	265	114	88
Acquisitions during the year	22	36	53	5
Sales during the year	-14	-	-14	-
Share in earnings	219	250	-	-
Dividend received	-190	-131	-	-
Adjustment to equity lower of cost	-	-	7	21
Reclassifications	-	-	-	-
Other operating income	60	-	-	-
Translation differences	14	-10	-	-
Acquisition value at end of year	**521**	**410**	**160**	**114**
Accumulated impairment charges at beginning of year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**521**	**410**	**160**	**114**
Of which, listed shares	-	-	-	-

The total amount is expected to be settled after more than 1 year.

The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

DKKm	Group 31 Dec 2010	Group 31 Dec 2009
Total assets	6,507	6,112
Total liabilities	4,758	4,478
Operating income	357	501
Operating profit	293	46

Nordeas' share of contingent liabilities in associated undertakings amounts to DKK 406m (DKK 341m).

DKKm, 31 Dec 2010	Registration number	Domicile	Group	Parent	Voting power of holding %
Credit institutions					
LR-realkredit	26045304	Copenhagen	92	27	39
Total			**92**	**27**	
Other					
Fleggaard Busleasing GmbH	134650777	Harrislee	6	-	39
Agro & Ferm A/S	29636672	Esbjerg	0	0	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	65	11	33
Axcel IKU Invest A/S	24981800	Copenhagen	11	11	33
Multidata Holding A/S	27226027	Ballerup	75	9	29
KIFU-AX II A/S	25893662	Copenhagen	21	21	25
E-nettet Holding A/S	28308019	Copenhagen	12	-	20
Nordea Fleet (NF-fleet A/S)	29185263	Taastrup	2	-	20
Bankernes Kontantservice A/S	33077599	Copenhagen	20	20	20
Nets Holding A/S[1]	27225993	Ballerup	217	61	16
Total			**429**	**133**	
Total			**521**	**160**	

The statutory information is available on request from Nordea Investor Relations.

[1] Associated through voting power in the Nordea Group.

Note 21
Intangible assets

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Goodwill				
Roskilde Bank	135	135	135	135
Fionia Bank	1,177	936	1,177	-
Goodwill, total	**1,312**	**1,071**	**1,312**	**135**
Internally developed software	1,054	753	1,023	713
Other intangible assets	425	477	425	97
Total	**2,791**	**2,301**	**2,761**	**945**
Goodwill[1]				
Acquisition value at beginning of year	1,086	150	150	150
Acquisitions during the year	241	936	1,177	-
Acquisition value at end of year	**1,327**	**1,086**	**1,327**	**150**
Accumulated amortisation at beginning of year	-15	-15	-15	-15
Amortisation according to plan for the year	-	-	-	-
Accumulated amortisation at end of the year	**-15**	**-15**	**-15**	**-15**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**1,312**	**1,071**	**1,312**	**135**
Internally developed software				
Acquisition value at beginning of year	890	614	825	560
Acquisitions during the year	359	276	352	265
Sales/disposals during year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**1,249**	**890**	**1,177**	**825**
Accumulated amortisation at beginning of year	-126	-82	-102	-68
Amortisation according to plan for the year	-52	-34	-36	-34
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Reclassifications	-	-10	-	-
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-178**	**-126**	**-138**	**-102**
Accumulated impairment charges at beginning of year	-11	-11	-11	-11
Impairment charges during the year	-6	-	-6	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-17**	**-11**	**-17**	**-11**
Total	**1,054**	**753**	**1,023**	**713**

[1] Excluding goodwill in associated undertakings.

Note 21
Intangible assets *(cont.)*

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Other intangible assets				
Acquisition value at beginning of year	493	97	113	97
Acquisitions during the year	-	396	361	16
Sales/disposals during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**493**	**493**	**474**	**113**
Accumulated amortisation at beginning of year	-16	-2	-16	-2
Amortisation according to plan for the year	-52	-22	-33	-11
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Reclassifications	-	8	-	-3
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-68**	**-16**	**-49**	**-16**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**425**	**477**	**425**	**97**

The total amount is expected to be settled after more than one year.

Impairment test
A cash generating unit, defined as customer areas by country, is the basis for the goodwill impairment test.

Cash flows in the near future (between 2-5 years) are based on financial forecasts, derived from forecasted margins, volumes, sales and cost development. These input variables are based on historical data adjusted to reflect Nordea's assumptions about the future. Longer term cash flows (up to 30 years) are based on estimated sector growth rates. For impairment testing a growth rate of 4-6% has been used for all cash generating units. Growth rates are based on historical data, updated to reflect the current situation.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at the Group's defined post-tax average cost of equity of 9.5% (equal to what is used for internal performance management purposes).

The impairment tests conducted in 2010 did not indicate any need for goodwill impairment.

Note 22
Property and equipment

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Property and equipment	683	582	379	275
Of which buildings for own use	283	262	14	14
Equipment				
Acquisition value at beginning of year	877	927	794	853
Acquisitions during the year[1]	224	155	223	136
Sales/disposals during the year	-68	-199	-49	-195
Reclassifications	2	-6	-10	-
Translation differences	-	-	-	-
Acquisition value at end of year	**1,035**	**877**	**958**	**794**
Accumulated depreciation at beginning of year	-557	-648	-532	-629
Accumulated depreciation on sales/disposals during the year	50	190	44	190
Reclassifications	-5	4	-	-
Depreciations according to plan for the year	-124	-103	-105	-93
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-636**	**-557**	**-593**	**-532**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**400**	**320**	**365**	**261**

[1] Of which acquisition through business combinations DKK 0m (DKK 17m) in the group and DKK 13m (DKK 0m) in the parent.

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Land and buildings				
Acquisition value at beginning of year	301	53	22	22
Acquisitions during the year[1]	23	248	-	-
Sales/disposals during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**324**	**301**	**22**	**22**
Accumulated depreciation at beginning of year	-39	-39	-7	-7
Accumulated depreciation on sales/disposals during the year	-	-	-	-
Reclassifaciations	-	-	-	-
Depreciation according to plan for the year	-2	0	-1	0
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-41**	**-39**	**-8**	**-7**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**283**	**262**	**14**	**14**

[1] Of which acquisition through business combinations DKK 0m (DKK 248m) in the group and DKK 0m (DKK 0m) in the parent.

The total amount is expected to be settled after more than one year.

Note 23
Leasing

Nordea as a lessor

Finance leases

The Nordea Bank Danmark Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans to the public" (see note 13) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments

	Group	
DKKm	31 Dec 2010	31 Dec 2009
Gross investments	6,838	7,343
Less unearned finance income	-417	-538
Net investments in finance leases	**6,421**	**6,805**
Less unguaranteed residual values accruing to the benefit of the lessor	-	-
Present value of future minimum lease payments receivable	**6,421**	**6,805**
Accumulated allowance for uncollectible minimum lease payments receivable	-	-

As of 31 December 2010 the gross investment and the net investment by remaining maturity was distributed as follows:

	Group	
DKKm	31 Dec 2010 Gross investment	31 Dec 2010 Net investment
2011	977	944
2012	994	949
2013	1,106	1,040
2014	824	750
2015	1,079	1,001
Later years	1,858	1,737
Total	**6,838**	**6,421**

Operating leases

Nordea Bank Danmark has not entered into operating lease agreements.

Note 23
Leasing *(cont.)*

Nordea as a lessee

Operating leases

Nordea Bank Danmark has entered into operating lease agreements for premises and office equipment.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Leasing expenses during the year, DKKm	2010	2009	2010	2009
Leasing expenses during the year	477	424	491	424
of which minimum lease payments	460	410	475	410
of which contingent rents	16	14	16	14
Leasing income during the year regarding sublease payments	17	30	25	44
Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:				
2011	337		337	
2012	335		335	
2013	202		202	
2014	200		200	
2015	195		195	
Later years	855		855	
Total	**2,124**		**2,124**	

Total sublease payments expected to be received under non-cancellable subleases amounts to DKK 0m for the group and DKK 0m for the parent company.

Note 24
Investment property

Movement in the balance sheet

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Carrying amount at beginning of year	91	25	37	5
Acquisitions during the year	148	125	9	33
Sales/disposals during the year	-39	-59	-2	-1
Net gains or losses from fair value adjustments	-	-	-	-
Transfers/reclassifications during the year	-	-	-	-
Translation differences	-	-	-	-
Carrying amount at end of year	**199**	**91**	**43**	**37**

The total amount is expected to be settled after more than 1 year.

Amounts recognised in the income statement

Rental income	-	-	-	-
Direct operating expenses that generate rental income	-	-	-	-
Direct operating expenses that did not generate rental income	-15	-3	-3	-1
Total	**-15**	**-3**	**-3**	**-1**

Note 25
Other assets

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Claims on securities settlement proceeds[1]	81,716	53,441	137,376	101,914
Other	2,446	1,561	1,079	1,016
Total	**84,162**	**55,002**	**138,455**	**102,930**
of which expected to be settled after more than 1 year	58	100	58	100

[1] The amount reflects trade date accounting and primarily relates to receivables on sold bonds at year-end.

Note 26
Prepaid expenses and accrued income

Accrued interest income	2,816	6,339	2,856	6,693
Prepaid expenses	542	574	467	485
Total	**3,358**	**6,913**	**3,323**	**7,178**
of which expected to be settled after more than 1 year	44	10	-	-

Note 27
Deposits by credit institutions

Central banks	2,541	57,051	2,541	57,051
Other banks	234,004	258,280	235,467	263,371
Other credit institutions	3,260	7,485	39,892	22,334
Total	**239,805**	**322,816**	**277,900**	**342,756**

Note 28
Deposits and borrowings from the public

Deposits from the public	304,393	287,135	305,471	278,581
Borrowings from the public	42,549	36,759	42,549	36,759
Total	**346,942**	**323,894**	**348,020**	**315,340**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of DKK 28,829m (DKK 25,131m) are also included in Deposits.

Note 29
Debt securities in issue

Bond loans	271,709	246,061	-	11,151
Other	-	-	-	-
Total	**271,709**	**246,061**	**-**	**11,151**

Note 30
Other liabilities

Liabilities on securities settlement proceeds[1]	29,225	27,646	171,291	155,506
Sold, not held, securities	36,644	46,747	36,644	46,747
Other	12,447	7,279	11,520	7,213
Total	**78,316**	**81,672**	**219,455**	**209,466**
of which expected to be settled after more than 1 year	167	111	97	93

[1] The amount reflects trade date accounting and primarily relates to payables on purchased bonds at year-end.

Note 31
Accrued expenses and prepaid income

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Accrued interest	5,507	8,218	2,033	3,724
Other accrued expenses	1,677	1,636	1,608	1,537
Prepaid income	123	110	109	100
Total	**7,307**	**9,964**	**3,750**	**5,361**
of which expected to be settled after more than 1 year	48	-	48	-

Note 32
Provisions

Reserve for restructuring costs	33	37	33	37
Transfer risks, off-balance	15	23	15	23
Individually assessed, off-balance-sheet	216	433	558	702
Collectively assessed, off-balance sheet	-	-	259	319
Other	1,815	1,064	1,813	1,062
Total	**2,079**	**1,557**	**2,678**	**2,143**

Movement in the balance sheet

DKKm, 31 Dec 2010	Restructuring	Transfer risks	Off balance sheet	Other	Total
Group					
At beginning of year	37	23	433	1,064	1,557
New provisions made	-	1	154	751	906
Provisions utilised	-	-	-390	-	-390
Reversals	-4	-9	-24	-	-37
Translation differences	-	-	42	-	42
At end of year	**33**	**15**	**216**	**1,815**	**2,079**
Of which expected to be settled after more than 1 year	0	10	92	0	102
Parent company					
At beginning of year	37	23	1,021	1,062	2,143
New provisions made	-	1	297	751	1,049
Provisions utilised	-	-	-390	-	-390
Reversals	-4	-9	-153	-	-166
Translation differences	-	-	42	-	42
At end of year	**33**	**15**	**817**	**1,813**	**2,678**
Of which expected to be settled after more than 1 year	0	10	92	0	102

Provision for Transfer risk is related to off-balance sheet items. Transfer risk relating to loans is included in the item Allowances for collectively assessed impaired loans in note 13. Provision for Transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually and collectively assessed off-balance sheet items (ie guarantees and L/C's) amounted to DKK 216m (DKK 433m) in NBD Group and DKK 817m (DKK 1,021m) in parent company.

Other provisions in NBD Group and parent company primarily refers to state guarantee fees DKK 1,812m (DKK 1,060m) of which DKK 1,812m is expected to be settled during 2011.

Note 33
Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Defined benefit plans, net asset	136	110	136	110
Total	**136**	**110**	**136**	**110**

IAS 19 secures that the market based value of pension obligations net of plan assets backing these obligations will be reflected on the balance sheet. Some plans are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes

2010	
Members	59
Average member age	73
2009	
Members	59
Average member age	72

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions

2010	
Discount rate	4.0%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.0%
2009	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase vice versa.

Asset composition
The combined return on assets in 2010 was 8.6% (9.5%). At the end of the year, the equity exposure in pension funds/foundations represented 12% (7%) of total assets.

Asset composition in funded schemes (%)	2010	2009
Equity	12	7
Bonds	65	70
Other plan assets	23	23
Of which Nordea Bank AB shares	0	0

Note 33
Retirement benefit obligations *(cont.)*

Amounts recognised in the balance sheet

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Pension Benefit Obligations	862	815	862	815
Plan assets	927	886	927	886
Total surplus/deficit(-)	**65**	**71**	**65**	**71**
Of which unrecognised actuarial gains/losses(-)	-71	-39	-71	-39
Of which recognised in the balance sheet	**136**	**110**	**136**	**110**
- of which retirement benefit assets	173	156	173	156
- of which retirement benefit obligations	37	46	37	46
- of which related to unfunded plans (PBO)	37	46	37	46

Overview of surplus or deficit in the plans

	Total	Total	Total	Total	Total
DKKm	2010	2009	2008	2007	2006
Pension Benefit Obligations	862	815	809	770	799
Plan assets	927	886	826	822	841
Funded status - surplus/deficit(-)	**65**	**71**	**17**	**52**	**42**

Changes in the Pension Benefit Obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Pension Benefit Obligations at 1 Jan	815	809	815	809
Service cost	5	7	5	7
Interest cost	31	31	31	31
Pensions paid	-58	-54	-58	-54
Curtailments and settlements	-	-	-	-
Past service cost	-	-	-	-
Actuarial gains(-)/losses	69	22	69	22
Pension Benefit Obligations at 31 Dec	**862**	**815**	**862**	**815**
Changes in the fair value of assets				
Assets at 1 Jan	886	826	886	826
Expected return on assets	40	33	40	33
Pensions paid	-48	-46	-48	-46
Contributions	11	25	11	25
Actuarial gains/losses(-)	38	48	38	48
Plan assets at 31 Dec	**927**	**886**	**927**	**886**
Actual return on plan assets	**78**	**81**	**78**	**81**

Overview of actuarial gains/losses

	Total	Total	Total	Total	Total
DKKm	2010	2009	2008	2007	2006
Effects of changes in actuarial assumptions	0	0	-66	25	0
Experience adjustments	-31	26	8	-23	7
- of which on plan assets	38	48	5	-22	-11
- of which on plan liabilities	-69	-22	3	-1	18
Actuarial gains/losses	**-31**	**26**	**-58**	**2**	**7**

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is DKK 4m (DKK -5m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in note 7).

Note 33
Retirement benefit obligations *(cont.)*

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Recognised net defined benefit cost, DKKm	2010	2009	2010	2009
Service cost	-5	-7	-5	-7
Interest cost	-31	-31	-31	-31
Expected return on assets	40	33	40	33
Recognised actuarial gains(-)/losses	-	-	-	-
Pension cost on defined benefit plans	**4**	**-5**	**4**	**-5**

The pension cost is in line with what was expected at the start of the year. The net pension cost on defined benefit plans is expected to be on the same level in 2011. NBD expects to contribute DKK 2m to its defined benefit plans in 2011.

Key management personnel
Nordea Bank Danmark has pension obligations regarding present and former members of the Executive Management. Defined benefit plans for the Executive Management are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as obligations except from DKK 37m (DKK 46m) booked as Retirement benefit obligations in the bank at the end of the year. Nordea Bank Danmark has no pensions obligations related to the Board of Directors.

Note 34
Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	-	-	-	-
Hybrid capital loans	-	-	-	-
Other subordinated loans	9,504	9,488	9,504	9,488
Total	**9,504**	**9,488**	**9,504**	**9,488**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

Pursuant to the Danish Financial Business Act repayment of subordinated loans may not take place at the initiative of the lender nor without the approval of the Danish Financial Supervisory Authority.

At 31 December 2010 5 loans - with terms specified below - were outstanding.

Issued by	Year of issue / maturity	Nom. value EURm	Book value DKKm	Interest rate (coupon)
Nordea Bank Danmark[1]	2006/2014	300	2,236	Floating rate
Nordea Bank Danmark[2]	2007/2015	300	2,236	Floating rate
Nordea Bank Danmark[3]	2009/2017	275	2,050	Floating rate
Nordea Bank Danmark[4]	2009/2017	200	1,491	Floating rate
Nordea Bank Danmark[5]	2010/2018	200	1,491	Floating rate

1 Call date on 26 May 2011.
2 Call date on 27 September 2012.
3 Call date on 28 May 2014.
4 Call date on 17 December 2014.
5 Call date on 24 June 2015.

Note 35
Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Assets pledged for own liabilities				
Lease agreements	-	-	-	-
Securities, etc[1]	131,748	162,090	166,132	179,934
Loans to the public	324,284	286,567	-	-
Other pledged assets[2]	4,877	4,682	4,877	4,682
Total	**460,909**	**453,339**	**171,009**	**184,616**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	86,375	123,715	120,758	141,879
Deposits and borrowings from the public	42,313	36,667	42,313	36,667
Debt securities in issue	271,097	233,953	-	-
Other liabilities and commitments	-	-	-	-
Total	**399,785**	**394,335**	**163,071**	**178,546**

[1] Assets pledged for own liabilities contain securities pledged as security in repurchase agreements and in securities borrowing. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.

[2] Other pledged assets relating to bonds had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

Note 36
Other assets pledged

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Other assets pledged[1]				
Lease agreements	-	-	-	-
Securities etc	-	-	-	-
Other assets pledged	-	-	-	-
Total	**-**	**-**	**-**	**-**
The above pledges pertain to the following liability and commitment items[2]				
Deposits by credit institutions	-	-	-	-
Other liabilities and commitments	-	-	-	-
Total	**-**	**-**	**-**	**-**

[1] Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.

[2] For undertakings of the company itself or for a third party.

Note 37
Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Guarantees				
Loan guarantees	11,136	8,641	104,976	106,524
Other guarantees	17,294	21,833	17,682	23,113
Documentary credits	2,517	3,824	2,517	3,824
Other contingent liabilities	146	113	146	113
Total	**31,093**	**34,411**	**125,321**	**133,574**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are considered as off-balance-sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

As from the accounting period 2005 Nordea Bank Danmark A/S is taxed jointly with the Danish companies, branches etc of the Nordea Group, according to the new rules for joint taxation for 2005, and is liable for that part of the tax of the jointly taxed income concerning the company until payment to Nordea Bank Danmark A/S has taken place.

In terms of payroll tax and VAT, Nordea Bank Danmark A/S is registered jointly with Nordea, Branch of Nordea Bank AB, Sweden, the Danish PE agency of Nordea Bank Finland and with the majority of the Danish subsidiary undertakings in the Nordea Bank AB Group and these companies are jointly and severally liable for such taxes.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age.

Other guarantees include a guarantee to the Danish guarantee scheme "Indskydergarantiordningen". Amagerbanken has filed for bankruptcy on February 7, 2011 why the Danish guarantee scheme will be activated. Final losses have not yet been calculated why no provision have been provided.

Legal proceedings
Within the framework of the normal business operations, the NBD Group faces claims in civil lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the NBD Group or its financial position.

Note 38
Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Credit commitments[1]	176,798	176,589	184,105	182,557
Other commitments	-	-	-	-
Total	**176,798**	**176,589**	**184,105**	**182,557**

[1] Including unutilised portion of approved overdraft facilities.

For information about derivatives, see note 17.

Note 39
Capital adequacy

Reconciliation of exposure types to the balance sheet

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2010	2009	2010	2009
Calculation of total capital base				
Equity	32,982	30,221	23,631	22,265
Minority interest	1,234	1,201	-	-
Equity method	-	-	9,326	7,930
Fair value adjustment of owner occupied property	20	20	20	20
Retirement benefit assets	-71	-39	-71	-39
Equity reported to the Danish FSA	**34,165**	**31,403**	**32,905**	**30,176**
Proposed/actual dividend	-3,350	-750	-3,350	-750
Deferred tax assets	-150	-393	-	-
Intangible assets	-2,791	-2,301	-2,761	-945
IRB provisions excess (+)/shortfall (–)	-171	-	-	-
Deduction for investments in credit institutions (50%)	-74	-74	-74	-74
Transferred to Tier 2 capital	-20	-	-20	-
Other items, net	12	-	11	4
Tier 1 capital (net after deduction)	**27,621**	**27,885**	**26,711**	**28,411**
– of which hybrid capital	-	-	-	-
Tier 2 capital	**9,525**	**9,508**	**9,525**	**9,508**
– of which perpetual subordinated loans	-	-	-	-
IRB provisions excess (+)/shortfall (–)	-171	100	391	750
Deduction for investments in credit institutions (50%)	-74	-74	-74	-74
Other deduction	-	-	-	-
Total capital base	**36,900**	**37,419**	**36,553**	**38,595**

Capital requirement and RWA

Group	31 Dec	31 Dec	31 Dec	31 Dec
	2010	2010	2009	2009
	Capital	Basel II	Capital	Basel II
DKKm	requirement	RWA	requirement	RWA
Credit risk	**21,898**	**273,730**	**21,840**	**273,000**
IRB foundation	19,901	248,763	20,143	251,784
- of which corporate	13,112	163,901	14,113	176,414
- of which institutions	594	7,430	668	8,348
- of which retail	5,877	73,466	5,196	64,947
- of which other	317	3,966	166	2,076
Standardised	1,997	24,967	1,697	21,216
- of which sovereign	522	6,526	153	1,914
- of which retail	13	164	475	5,939
- of which other	1,462	18,277	1,069	13,363
Market risk	**708**	**8,850**	**1,118**	**13,976**
- of which trading book, VaR	275	3,437	263	3,291
- of which trading book, non-VaR	433	5,413	804	10,050
- of which FX, non-VaR	0	0	51	635
Operational risk	**2,178**	**27,224**	**1,985**	**24,818**
Standardised	2,178	27,224	1,985	24,818
Total	**24,784**	**309,804**	**24,944**	**311,794**
Adjustment for transition rules				
Additional capital requirement according to transition rules	7,919	98,993	6,270	78,380
Total	**32,704**	**408,797**	**31,214**	**390,175**

Note 39
Capital adequacy *(cont.)*

Parent company DKKm	31 Dec 2010 Capital requirement	31 Dec 2010 Basel II RWA	31 Dec 2009 Capital requirement	31 Dec 2009 Basel II RWA
Credit risk	**21,740**	**271,751**	**20,629**	**257,860**
IRB	16,543	206,785	16,835	210,443
- of which corporate	10,907	136,339	12,198	152,481
- of which institutions	591	7,393	670	8,377
- of which retail	4,898	61,227	3,851	48,134
- of which other	146	1,826	116	1,451
Standardised	5,197	64,966	3,793	47,417
- of which sovereign	329	4,110	153	1,914
- of which retail	13	166	0	0
- of which other	4,855	60,690	3,640	45,503
Market risk	**684**	**8,554**	**971**	**12,132**
- of which trading book, VaR	275	3,437	263	3,291
- of which trading book, non-VaR	409	5,117	667	8,337
- of which FX, non-VaR	0	0	40	503
Operational risk	**1,940**	**24,249**	**1,730**	**21,627**
Standardised	1,940	24,249	1,730	21,627
Total	**24,364**	**304,554**	**23,329**	**291,618**
Adjustment for transition rules				
Additional capital requirement according to transition rules	4,709	58,862	4,253	53,161
Total	**29,073**	**363,416**	**27,582**	**344,780**

Capital situation

Generally, Nordea Group has the ability to transfer capital within its legal entities without material restrictions. International transfers of capital between legal entities are normally possible after approval by the local regulator and are of importance when governing the capital position within the Group. The guarantee shemes introduced within EU during 2008 has under certain circumstances limited the transferability of capital with impact on cross border financial groups. There are no such restrictions directly affecting NBD as per end of 2010.

More Capital Adequacy information for the Group can be found in the Risk, Liquidity and Capital management section pages 8-19. The qualitative disclosures in the Risk, Liquidity and Capital management section covers also the parent company where applicable.

Note 40
Classification of financial instruments

Group

DKKm, 31 Dec 2010	Loans	Held to maturity	Held for trading (Financial assets at fair value through profit or loss)	Designated at fair value through profit or loss (Financial assets at fair value through profit or loss)	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3,213	-	-	-	-	-	-	3,213
Loans to credit institutions	14,992	-	60,530	2,376	-	-	-	77,898
Loans to the public	257,569	-	101,045	320,701	-	-	-	679,315
Interest-bearing securities[1]	-	16,598	83,235	-	-	-	-	99,833
Financial instruments pledged as collateral	-	-	21,479	-	-	-	-	21,479
Shares[1]	-	-	16,949	-	-	-	-	16,949
Derivatives	-	-	4,425	-	206	-	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	305	-	-	-	-	-	-	305
Investments in group undertakings	-	-	-	-	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	521	521
Intangible assets	-	-	-	-	-	-	2,791	2,791
Property and equipment	-	-	-	-	-	-	683	683
Investment property	-	-	-	-	-	-	199	199
Deferred tax assets	-	-	-	-	-	-	150	150
Current tax assets	-	-	-	-	-	-	1,071	1,071
Retirement benefit assets	-	-	-	-	-	-	173	173
Other assets	84,162	-	-	-	-	-	-	84,162
Prepaid expenses and accrued income	3,122	-	236	-	-	-	-	3,358
Total	**363,363**	**16,598**	**287,899**	**323,077**	**206**	**-**	**5,588**	**996,731**

DKKm, 31 Dec 2010	Held for trading (Financial liabilities at fair value through profit or loss)	Designated at fair value through profit or loss (Financial liabilities at fair value through profit or loss)	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	85,827	18,279	-	135,699	-	239,805
Deposits and borrowings from the public	42,313	42,753	-	261,876	-	346,942
Debt securities in issue	-	271,097	-	612	-	271,709
Derivatives	6,577	-	500	-	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	172	172
Other liabilities	36,644	-	-	41,672	-	78,316
Accrued expenses and prepaid income	3,657	-	-	1,973	1,677	7,307
Deferred tax liabilities	-	-	-	-	801	801
Provisions	-	-	-	-	2,079	2,079
Retirement benefit obligations	-	-	-	-	37	37
Subordinated liabilities	-	-	-	9,504	-	9,504
Total	**175,018**	**332,129**	**500**	**451,336**	**4,766**	**963,749**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See note 44 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Group

DKKm, 31 Dec 2009	Loans	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	2,914	-	-	-	-	-	-	2,914
Loans to credit institutions	5,539	-	57,012	35,275	-	-	-	97,826
Loans to the public	247,528	-	123,569	298,638	-	-	-	669,735
Interest-bearing securities[1]	-	17,396	75,236	-	-	-	-	92,632
Financial instruments pledged as collateral	-	-	80,940	-	-	-	-	80,940
Shares[1]	-	-	16,433	-	-	-	-	16,433
Derivatives	-	-	4,295	-	169	-	-	4,464
Fair value changes of the hedged items in portfolio hedge of interest rate risk	310	-	-	-	-	-	-	310
Investments in group undertakings	-	-	-	-	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	410	410
Intangible assets	-	-	-	-	-	-	2,301	2,301
Property and equipment	-	-	-	-	-	-	582	582
Investment property	-	-	-	-	-	-	91	91
Deferred tax assets	-	-	-	-	-	-	393	393
Current tax assets	-	-	-	-	-	-	1,831	1,831
Retirement benefit assets	-	-	-	-	-	-	156	156
Other assets	54,837	-	165	-	-	-	-	55,002
Prepaid expenses and accrued income	4,176	-	2,737	-	-	-	-	6,913
Total	**315,304**	**17,396**	**360,387**	**333,913**	**169**	**-**	**5,764**	**1,032,933**

DKKm, 31 Dec 2009	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	123,715	137,582	-	61,519	-	322,816
Deposits and borrowings from the public	36,667	39,210	-	248,017	-	323,894
Debt securities in issue	-	233,953	-	12,108	-	246,061
Derivatives	5,832	-	478	-	-	6,310
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	82	-	82
Current tax liabilities	-	-	-	-	168	168
Other liabilities	46,966	-	-	33,863	843	81,672
Accrued expenses and prepaid income	4,746	-	-	4,244	974	9,964
Deferred tax liabilities	-	-	-	-	654	654
Provisions	-	-	-	-	1,557	1,557
Retirement benefit obligations	-	-	-	-	46	46
Subordinated liabilities	-	-	-	9,488	-	9,488
Total	**217,926**	**410,745**	**478**	**369,321**	**4,242**	**1,002,712**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See note 44 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Parent company

DKKm, 31 Dec 2010	Loans	Held to maturity	Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Financial assets at fair value through profit or loss: Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3,213	-	-	-	-	-	-	3,213
Loans to credit institutions	26,581	-	119,480	2,376	-	-	-	148,437
Loans to the public	257,512	-	101,045	2,557	-	-	-	361,114
Interest-bearing securities[1]	-	16,598	143,523	-	-	-	-	160,121
Financial instruments pledged as collateral	-	-	34,896	-	-	-	-	34,896
Shares[1]	-	-	16,392	-	-	-	-	16,392
Derivatives	-	-	4,425	-	206	-	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	305	-	-	-	-	-	-	305
Investments in group undertakings	-	-	-	-	-	-	16,579	16,579
Investments in associated undertakings	-	-	-	-	-	-	160	160
Intangible assets	-	-	-	-	-	-	2,761	2,761
Property and equipment	-	-	-	-	-	-	379	379
Investment property	-	-	-	-	-	-	43	43
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	1,279	1,279
Retirement benefit assets	-	-	-	-	-	-	173	173
Other assets	138,455	-	-	-	-	-	-	138,455
Prepaid expenses and accrued income	2,327	-	996	-	-	-	-	3,323
Total	**428,393**	**16,598**	**420,757**	**4,933**	**206**	**-**	**21,374**	**892,261**

DKKm, 31 Dec 2010	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Financial liabilities at fair value through profit or loss: Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	120,758	18,279	-	138,863	-	277,900
Deposits and borrowings from the public	42,313	42,753	-	262,954	-	348,020
Debt securities in issue	-	-	-	-	-	-
Derivatives	6,577	-	500	-	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	170	170
Other liabilities	36,644	-	-	182,811	-	219,455
Accrued expenses and prepaid income	13	-	-	2,129	1,608	3,750
Deferred tax liabilities	-	-	-	-	39	39
Provisions	-	-	-	-	2,678	2,678
Retirement benefit obligations	-	-	-	-	37	37
Subordinated liabilities	-	-	-	9,504	-	9,504
Total	**206,305**	**61,032**	**500**	**596,261**	**4,532**	**868,630**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See note 44 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Parent company

DKKm, 31 Dec 2009	Loans	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
			Financial assets at fair value through profit or loss					
Assets								
Cash and balances with central banks	2,799	-	-	-	-	-	-	2,799
Loans to credit institutions	6,509	-	107,797	35,275	-	-	-	149,581
Loans to the public	241,118	-	123,570	4,076	-	-	-	368,764
Interest-bearing securities[1]	-	17,396	142,319	-	-	-	-	159,715
Financial instruments pledged as collateral	-	-	98,784	-	-	-	-	98,784
Shares[1]	-	-	16,079	-	-	-	-	16,079
Derivatives	-	-	4,053	-	169	-	-	4,222
Fair value changes of the hedged items in portfolio hedge of interest rate risk	310	-	-	-	-	-	-	310
Investments in group undertakings	-	-	-	-	-	-	10,349	10,349
Investments in associated undertakings	-	-	-	-	-	-	114	114
Intangible assets	-	-	-	-	-	-	945	945
Property and equipment	-	-	-	-	-	-	275	275
Investment property	-	-	-	-	-	-	37	37
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	2,161	2,161
Retirement benefit assets	-	-	-	-	-	-	156	156
Other assets	102,765	-	165	-	-	-	-	102,930
Prepaid expenses and accrued income	3,672	-	3,506	-	-	-	-	7,178
Total	**357,173**	**17,396**	**496,273**	**39,351**	**169**	**-**	**14,037**	**924,399**

DKKm, 31 Dec 2009	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
	Financial liabilities at fair value through profit or loss					
Liabilities						
Deposits by credit institutions	141,879	137,582	-	63,295	-	342,756
Deposits and borrowings from the public	36,667	39,210	-	239,463	-	315,340
Debt securities in issue	-	-	-	11,151	-	11,151
Derivatives	5,602	-	478	-	-	6,080
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	82	-	82
Current tax liabilities	-	-	-	-	168	168
Other liabilities	46,986	-	-	161,648	832	209,466
Accrued expenses and prepaid income	39	-	-	4,447	875	5,361
Deferred tax liabilities	-	-	-	-	53	53
Provisions	-	-	-	-	2,143	2,143
Retirement benefit obligations	-	-	-	-	46	46
Subordinated liabilities	-	-	-	9,488	-	9,488
Total	**231,173**	**176,792**	**478**	**489,574**	**4,117**	**902,134**

[1] Interest-bearing securities and shares in customers' portfolio schemes are classified as Held for Trading. See note 44 Investments, customer bearing the risk.

Note 40
Classification of financial instruments *(cont.)*

Loans designated at fair value through profit or loss

DKKm	Group 31 Dec 2010	Group 31 Dec 2009	Parent company 31 Dec 2010	Parent company 31 Dec 2009
Carrying amount	323,077	333,913	4,933	39,351
Maximum exposure to credit risk	323,077	333,913	4,933	39,351
Carrying amount of credit derivatives used to mitigate the credit risk	-	-	-	-

Financial liabilities designated at fair value through profit or loss

Changes in fair value attributable to changes in credit risk
Issued mortgage bonds in the fully owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. Deposits etc. made by Markets as well as the funding of Markets operations are measured at fair value and classified into the category "Fair value through profit and loss".

The change in fair value attributable to credit risk of the liabilities are for 2010 DKK -4,857m (DKK 3,808m). The cumulative change since designation are DKK -3,231m (DKK 1,626m). The calculation method of the fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates in DKK and EUR, which is the average yield on Danish and German goverment bonds.

The change in fair value of loans in Nordea Kredit Realkreditaktieselskab that is attributable to changes in credit risk is for 2010 DKK -49m (DKK -498m). The cumulative change since designation is DKK -625m (DKK -576m).

Comparison of carrying amount and contractual amount to be paid at maturity

DKKm, 31 Dec 2010	Group Carrying amount	Group Amount to be paid at maturity	Parent company Carrying amount	Parent company Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	332,129	332,017	61,032	61,032
DKKm, 31 Dec 2009				
Financial liabilities at fair value through profit or loss	410,745	411,942	176,792	176,792

Note 41
Assets and liabilities at fair value

Group

DKKm	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value	31 Dec 2009 Carrying amount	31 Dec 2009 Fair value
Assets				
Cash and balances with central banks	3,213	3,213	2,914	2,914
Loans to credit institutions	77,898	77,898	97,826	97,826
Loans to the public	679,315	679,315	669,735	669,735
Interest-bearing securities[1]	99,833	99,833	92,632	92,609
Financial instruments pledged as collateral	21,479	21,479	80,940	80,940
Shares[1]	16,949	16,949	16,433	16,433
Derivatives	4,631	4,631	4,464	4,464
Fair value changes of the hedged items in portfolio hedge of interest rate risk	305	305	310	310
Investments in group undertakings	-	-	-	-
Investments in associated undertakings	521	521	410	410
Intangible assets	2,791	2,791	2,301	2,301
Property and equipment	683	703	582	602
Investment property	199	199	91	91
Deferred tax assets	150	150	393	393
Current tax assets	1,071	1,071	1,831	1,831
Retirement benefit assts	173	173	156	156
Other assets	84,162	84,162	55,002	55,002
Prepaid expenses and accrued income	3,358	3,358	6,913	6,913
Total assets	**996,731**	**996,751**	**1,032,933**	**1,032,931**
Liabilities				
Deposits by credit institutions	239,805	239,805	322,816	322,816
Deposits and borrowings from the public	346,942	346,942	323,894	323,894
Debt securities in issue	271,709	271,709	246,061	246,061
Derivatives	7,077	7,077	6,310	6,310
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	82	82
Current tax liabilities	172	172	168	168
Other liabilities	78,316	78,316	81,672	81,672
Accrued expenses and prepaid income	7,307	7,307	9,964	9,964
Deferred tax liabilities	801	801	654	654
Provisions	2,079	2,079	1,557	1,557
Retirement benefit obligations	37	37	46	46
Subordinated liabilities	9,504	9,504	9,488	9,488
Total liabilities	**963,749**	**963,749**	**1,002,712**	**1,002,712**

[1] Include investments in interest-bearing securities and shares financed by customers' portfolio schemes. See note 44 Investments, customer bearing the risk.

Note 41
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm	31 Dec 2010 Carrying amount	31 Dec 2010 Fair value	31 Dec 2009 Carrying amount	31 Dec 2009 Fair value
Assets				
Cash and balances with central banks	3,213	3,213	2,799	2,799
Loans to credit institutions	148,437	148,437	149,581	149,581
Loans to the public	361,114	361,114	368,764	368,764
Interest-bearing securities	160,121	160,121	159,715	159,692
Financial instruments pledged as collateral	34,896	34,896	98,784	98,784
Shares	16,392	16,392	16,079	16,079
Derivatives	4,631	4,631	4,222	4,222
Fair value changes of the hedged items in portfolio hedge of interest rate risk	305	305	310	310
Investments in group undertakings	16,579	16,579	10,349	10,349
Investments in associated undertakings	160	160	114	114
Intangible assets	2,761	2,761	945	945
Property and equipment	379	399	275	295
Investment property	43	43	37	37
Deferred tax assets	-	-	-	-
Current tax assets	1,279	1,279	2,161	2,161
Retirement benefit assets	173	173	156	156
Other assets	138,455	138,455	102,930	102,930
Prepaid expenses and accrued income	3,323	3,323	7,178	7,178
Total assets	**892,261**	**892,281**	**924,399**	**924,396**
Liabilities				
Deposits by credit institutions	277,900	277,900	342,756	342,756
Deposits and borrowings from the public	348,020	348,020	315,340	315,340
Debt securities in issue	-	-	11,151	11,151
Derivatives	7,077	7,077	6,080	6,080
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	82	82
Current tax liabilities	170	170	168	168
Other liabilities	219,455	219,455	209,466	209,466
Accrued expenses and prepaid income	3,750	3,750	5,361	5,361
Deferred tax liabilities	39	39	53	53
Provisions	2,678	2,678	2,143	2,143
Retirement benefit obligations	37	37	46	46
Subordinated liabilities	9,504	9,504	9,488	9,488
Total liabilities	**868,630**	**868,630**	**902,134**	**902,134**

Estimation of fair value for financial instruments

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans, deposits and borrowings and issued securities.

The carrying amounts on loans, deposits and borrowings and issued securities are adjusted for the value of the fixed interest term, unless the interest rate risk is hedged, in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term. The fair value of the hedged interest rate risk is included in the balance sheet item "Fair value changes of the hedged items in portfolio hedge of interest rate risk".

Fair value is estimated to be equal to the carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings, investments in group undertakings, intangible assets, property and equipment and provisions.

For further information about valuation of items normally measured at fair value, see note 1 Accounting policies.

Note 41
Assets and liabilities at fair value *(cont.)*

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in the balance of this difference (movement of deferred Day 1 profit or loss).

	Group		Parent company	
DKKm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Amount at beginning of year	-	-	-	-
Deferred profit/loss on new transactions	-	-	-	-
Recognised in the income statement during the year	-	-	-	-
Amount at end of year	-	**-**	**-**	**-**

Determination of fair value from quoted market prices or valuation techniques

Fair value measurements are categorised using a fair value hierarchy. The financial instruments carried at fair value have been categorised under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. To categorise the instruments into the three levels, the relevant pricing models for each product is considered in combination with used input market data, the significance of derived input data, the complexity of the model and the accessible pricing data to verify model input. Although the complexity of the model is considered, a high complexity does not by default require that products are categorised into level 3.

It is the use of model parameters and the extent of unobservability that defines the fair value hierarchy levels. For bonds the categorisation into the three levels are based on the internal pricing methodology. The bonds can either be directly quoted in active markets (level 1) or measured using a methodology giving a quote based on observable inputs (level 2). Level 3 bonds are characterised by illiquidity.

Valuations of Private Equity Funds (PEF) and unlisted equities will in nature be more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods are consistent with the guideline "International Private Equity and Venture Capital Valuation Guidelines" issued by EVCA (European Venture Capital Association). The EVCA guidelines are considered as best practice in the PEF industry. For US based funds, similar methods are applied.

Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.This category includes listed derivatives, listed equities, government bonds in developed countries, and most liquid mortgage bonds and corporate bonds where quotes in active markets exist.

Level 2 consists of financial assets and financial liabilities which do not have directly quoted market prices available from an active market. The fair values are estimated using a valuation technique or valuation model based on market prices or rates prevailing at the balance sheet date and any unobservable inputs are insignificant in the fair values. This is the case for the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/loaned and other instruments where an active markets supply the input to the valuation technique or model.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments in unlisted securities, private equity funds, hedge funds, and both more complex or less active markets supplying input to the technique or model for OTC derivatives, certain complex or structured financial instruments such as CLNs and illiquid bonds.

Note 41
Assets and liabilities at fair value *(cont.)*

Group

DKKm, 31 Dec 2010	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	62,906	-	62,906
Loans to the public	-	421,746	-	421,746
Debt securities	56,644	25,458	1,133	83,235
Financial instruments pledged as collateral	18,278	3,201	-	21,479
Shares	10,742	-	6,207	16,949
Derivatives	3,950	681	-	4,631
Other assets	-	-	-	-
Prepaid expenses and accrued income	-	236	-	236
Liabilities				
Deposits by credit institutions	-	104,106	-	104,106
Deposits and borrowings from the public	-	85,066	-	85,066
Debt securities in issue	271,097	-	-	271,097
Derivatives	2,860	4,217	-	7,077
Other liabilities	-	36,644	-	36,644
Accrued expenses and prepaid income	-	3,657	-	3,657

Group

DKKm, 31 Dec 2009	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	92,287	-	92,287
Loans to the public	-	422,207	-	422,207
Debt securities	42,536	31,150	1,550	75,236
Financial instruments pledged as collateral	50,546	30,394	-	80,940
Shares	12,421	7	4,005	16,433
Derivatives	3,338	1,126	-	4,464
Other assets	-	165	-	165
Prepaid expenses and accrued income	-	2,737	-	2,737
Liabilities				
Deposits by credit institutions	-	261,297	-	261,297
Deposits and borrowings from the public	-	75,877	-	75,877
Debt securities in issue	233,953	-	-	233,953
Derivatives	3,256	2,545	509	6,310
Other liabilities	-	46,966	-	46,966
Accrued expenses and prepaid income	-	4,746	-	4,746

Note 41
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm, 31 Dec 2010	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	121,856	-	121,856
Loans to the public	-	103,602	-	103,602
Debt securities	130,350	12,040	1,133	143,523
Financial instruments pledged as collateral	31,514	3,382	-	34,896
Shares	10,741	-	5,651	16,392
Derivatives	3,950	681	-	4,631
Other assets	-	-	-	-
Prepaid expenses and accrued income	-	996	-	996
Liabilities				
Deposits by credit institutions	-	139,037	-	139,037
Deposits and borrowings from the public	-	85,066	-	85,066
Debt securities in issue	-	-	-	-
Derivatives	2,860	4,217	-	7,077
Other liabilities	-	36,644	-	36,644
Accrued expenses and prepaid income	-	13	-	13

Parent company

DKKm, 31 Dec 2009	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
Assets				
Loans to credit institutions	-	143,072	-	143,072
Loans to the public	-	127,646	-	127,646
Debt securities	103,319	37,450	1,550	142,319
Financial instruments pledged as collateral	66,372	32,412	-	98,784
Shares	12,074	-	4,005	16,079
Derivatives	3,095	1,127	-	4,222
Other assets	-	165	-	165
Prepaid expenses and accrued income	-	3,506	-	3,506
Liabilities				
Deposits by credit institutions	-	279,461	-	279,461
Deposits and borrowings from the public	-	75,877	-	75,877
Debt securities in issue	-	-	-	-
Derivatives	3,026	2,545	509	6,080
Other liabilities	-	46,966	-	46,966
Accrued expenses and prepaid income	-	39	-	39

Transfers between level 1 and 2

During the year, Nordea Group transferred debt securities of DKK 6,588m from level 1 to level 2 of the fair value hierarchy for financial assets and liabilities which are recorded at fair value. The transfer was an outcome of a further developed fair value hierarchy classification due to a more detailed assessment of the liquidity in the market. The fair values were consequently obtained using valuation techniques using observable market inputs.

Note 41
Assets and liabilities at fair value *(cont.)*

Movements in level 3
The following table shows a reconciliation of the opening and closing carrying amounts of level 3 financial assets and liabilities at fair value.

Group

		Fair value gains/losses recognised in the income statement during the year	
DKKm, 31 Dec 2010	At 1 Jan 2010	Realised	Unrealised[1]
Debt securities	1,550	18	160
Shares	4,005	390	984
Derivatives (net of assets and liabilities)	509	-	-

DKKm, 31 Dec 2010 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2010
Debt securities	442	-985	-52	-	1,133
Shares	1,572	-739	-	-5	6,207
Derivatives (net of assets and liabilities)	-	-	-509	-	-

		Fair value gains/losses recognised in the income statement during the year	
DKKm, 31 Dec 2009	At 1 Jan 2009	Realised	Unrealised[1]
Debt securities	-	-	-
Shares	1,882	12	614
Derivatives (net of assets and liabilities)	-	-	-

DKKm, 31 Dec 2009 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2009
Debt securities	-	-	1,550	-	1,550
Shares	348	-436	1,585	-	4,005
Derivatives (net of assets and liabilities)	-	-	509	-	509

[1] Relates to those assets and liabilities held at the end of the reporting period.

Fair value gains/losses recognised in the income statement during the year are included in “Net result from items at fair value” (see note 4).

Note 41
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm, 31 Dec 2010	At 1 Jan 2010	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]
Debt securities	1,550	18	160
Shares	4,005	25	586
Derivatives (net of assets and liabilities)	509	-	-

DKKm, 31 Dec 2010 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2010
Debt securities	442	-985	-52	-	1,133
Shares	1,572	-374	-158	-5	5,651
Derivatives (net of assets and liabilities)	-	-	-509	-	-

DKKm, 31 Dec 2009	At 1 Jan 2009	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised[1]
Debt securities	-	-	-
Shares	1,882	12	614
Derivatives (net of assets and liabilities)	-	-	-

DKKm, 31 Dec 2009 *(cont.)*	Purchases	Sales	Transfers into/out of level 3	Translation differences	At 31 Dec 2009
Debt securities	-	-	1,550	-	1,550
Shares	348	-436	1,585	-	4,005
Derivatives (net of assets and liabilities)	-	-	509	-	509

[1] Relates to those assets and liabilities held at the end of the reporting period.

Note 41
Assets and liabilities at fair value *(cont.)*

Sensitivity of level 3 financial instruments measured at fair value to changes in key assumptions
Included in the fair value of financial instruments carried at fair value on the balance sheet are those estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. Portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques. For further information see Note 1 section 10 "Determination of fair value of financial instruments".

This disclosure shows the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable input parameters. The estimates disclosed below are likely to be greater than the true uncertainty in fair value of these instruments, as it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The following table shows the sensitivity of the fair value of level 3 instruments to changes in key assumptions, by class of instruments. Where the exposure to an unobservable parameter is offset across different instruments then only the net impact is disclosed in the table.

	Group			Parent company		
		Effect of reasonably possible alternative assumptions			Effect of reasonably possible alternative assumptions	
DKKm, 31 Dec 2010	Carrying amount	Favourable	Unfavourable	Carrying amount	Favourable	Unfavourable
Debt securities	1,133	57	-57	1,133	57	-57
Shares	6,207	646	-646	5,651	591	-591
DKKm, 31 Dec 2009						
Debt securities	1,550	78	-78	1,550	78	-78
Shares	4,005	400	-400	4,005	400	-400
Derivatives (net of assets and liabilities)	509	36	-36	509	36	-36

In order to calculate the effect on level 3, fair values from altering the assumptions of the valuation technique or model, the sensitivity to unobservable input data is assessed. For the derivatives portfolio key inputs that are based on pricing model assumptions or unobservability of market data inputs are replaced by alternative estimates or assumptions and impact on valuation computed. The majority of the effect on the Derivatives are related to various types of correlations or correlation related inputs in credit derivatives, interest rate OTC derivatives or OTC structured equity derivatives. For the level 3 portfolios of shares and debt securities the fair value was increased and decreased with reasonable changes in market movements.

Note 42
Assets and liabilities in foreign currencies

Group

DKKbn, 31 Dec 2010	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	179	65	708	4	28	13	997
Total liabilities and equity	-156	-46	-719	-1	-53	-22	-997
Position not reported in the balance sheet	-24	-18	11	-3	25	9	0
Net position, currencies	-1	1	0	0	0	0	0

DKKbn, 31 Dec 2009	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	181	137	661	3	31	20	1,033
Total liabilities and equity	-171	-88	-663	-3	-37	-71	-1,033
Position not reported in the balance sheet	-9	-49	1	0	6	51	0
Net position, currencies	1	0	-1	0	0	0	0

Parent company

DKKbn, 31 Dec 2010	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	150	65	632	4	28	13	892
Total liabilities and equity	-127	-46	-643	-1	-53	-22	-892
Position not reported in the balance sheet	-24	-18	11	-3	25	9	0
Net position, currencies	-1	1	0	0	0	0	0

DKKbn, 31 Dec 2009	EUR	SEK	DKK	NOK	USD	Other	Total
Total assets	152	136	582	2	32	20	924
Total liabilities and equity	-145	-87	-581	-3	-38	-70	-924
Position not reported in the balance sheet	-8	-49	1	0	6	50	0
Net position, currencies	1	0	-1	0	0	0	0

Note 43
Obtained collaterals which are permitted to be sold or repledged

Nordea Bank Danmark obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under standard terms for most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions. The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements are disclosed below.

	Group		Parent company	
DKKm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	161,575	180,582	220,525	231,366
of which repledged or sold	113,911	63,835	134,877	81,679
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
of which repledged or sold	-	-	-	-
Total	**161,575**	**180,582**	**220,525**	**231,366**

Note 44
Investments, customer bearing the risk

Nordea Bank Danmark A/S's assets and liabilities include customers' portfolio schemes, the return on which correlates directly with the assets financed by these portfolio schemes. Since the assets and liabilities legally belong to Nordea Bank Danmark, these assets and liabilities are included in the bank's balance sheet. A breakdown is shown below:

	Group		Parent company	
DKKm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets				
Interest-bearing securities	13,860	11,723	13,860	11,723
Shares	13,611	11,437	13,611	11,437
Other assets	4,501	6,606	4,501	6,606
Total assets	**31,972**	**29,766**	**31,972**	**29,766**
Liabilities				
Deposits and borrowings from the public	28,829	25,131	28,829	25,131
Other liabilities	3,143	4,635	3,143	4,635
Total liabilities	**31,972**	**29,766**	**31,972**	**29,766**
Return to participants in portfolio schemes	2,934	4,237	2,934	4,237

Note 45
Maturity analysis for assets and liabilities

Group

Remaining maturity

DKKm, 31 Dec 2010	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		3,213	-	-	-	-	-	3,213
Loans to credit institutions	13	13,866	59,975	3,007	840	210	-	77,898
Loans to the public	13	80,824	107,319	13,267	58,373	419,532	-	679,315
Interest bearing securities	14	-	20,051	40,470	14,930	24,382	-	99,833
Financial instruments pledged as collateral	15	-	6,115	7,811	2,847	4,706	-	21,479
Shares	16	-	-	-	-	-	16,949	16,949
Derivatives	17	-	4,092	252	136	151	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	24	174	106	-	305
Total assets with fixed maturities		**97,903**	**197,553**	**64,831**	**77,300**	**449,087**	**16,949**	**903,623**
Non-financial assets	11, 19, 20, 21, 22, 23, 24, 33	-	-	-	-	-	5,588	5,588
Other assets	25	-	-	-	-	-	84,162	84,162
Prepaid expenses and accured income	26	-	-	-	-	-	3,358	3,358
Total assets		**97,903**	**197,553**	**64,831**	**77,300**	**449,087**	**110,057**	**996,731**
Deposits by credit institutions	27	66,365	163,761	9,679	-	-	-	239,805
Deposits and borrowings from the public	28	201,299	93,564	2,933	757	48,389	-	346,942
- of which Deposits		201,062	51,251	2,933	757	48,389	-	304,392
- of which Borowings		237	42,313	-	-	-	-	42,550
Debt securities in issue	29	-	52,258	30,130	33,928	155,393	-	271,709
- of which Debt securities in issue		-	52,258	30,130	33,928	155,393	-	271,709
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,013	950	1,773	341	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	-	-	-	-	-	-
Subordinated liabilities	34	-	-	-	8,013	1,491	-	9,504
Total liabilities with fixed maturities		**267,664**	**313,596**	**43,692**	**44,471**	**205,614**	**-**	**875,037**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	3,089	3,089
Other liabilities	30	-	-	-	-	-	78,316	78,316
Accrued expenses and prepaid income	31	-	-	-	-	-	7,307	7,307
Equity		-	-	-	-	-	32,982	32,982
Total liabilities and equity		**267,664**	**313,596**	**43,692**	**44,471**	**205,614**	**121,694**	**996,731**

Mortgage loans are match-funded and is undertaken on the basis of the statutory balance principle. The majority of these loans are long-term loans and is therefore categorised as >5 years in the Maturity analysis, while the debt securities in issue are allocated through the maturity distribution in comparison to the re-financing period.

Note 45
Maturity analysis for assets and liabilities *(cont.)*

Group

Remaining maturity

DKKm, 31 Dec 2009	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		2,914	-	-	-	-	-	2,914
Loans to credit institutions	13	10,121	81,340	5,617	469	279	-	97,826
Loans to the public	13	80,777	127,951	15,932	56,015	389,060	-	669,735
Interest bearing securities	14	-	28,020	18,218	10,311	36,083	-	92,632
Financial instruments pledged as collateral	15	-	24,552	16,752	9,481	30,155	-	80,940
Shares	16	-	-	-	-	-	16,433	16,433
Derivatives	17	-	3,414	739	167	144	-	4,464
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	2	31	165	112	-	310
Total assets with fixed maturities		**93,813**	**265,278**	**57,289**	**76,608**	**455,833**	**16,433**	**965,254**
Non-financial assets	11, 20, 21, 22, 23, 24	-	-	-	-	-	5,764	5,764
Other assets	25	-	-	-	-	-	55,002	55,002
Prepaid expenses and accured income	26	-	-	-	-	-	6,913	6,913
Total assets		**93,813**	**265,278**	**57,289**	**76,608**	**455,833**	**84,112**	**1,032,933**
Deposits by credit institutions	27	49,159	256,886	15,289	1,482	-	-	322,816
Deposits and borrowings from the public	28	204,481	68,092	5,386	488	45,447	-	323,894
- of which Deposits		204,481	31,788	4,931	488	45,447	-	287,135
- of which Borowings		-	36,304	455	-	-	-	36,759
Debt securities in issue	29	-	37,521	11,343	37,667	159,530	-	246,061
- of which Debt securities in issue		-	37,521	11,343	37,667	159,530	-	246,061
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,560	492	931	327	-	6,310
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	2	71	9	-	-	82
Subordinated liabilities	34	-	-	7,255	2,233	-	-	9,488
Total liabilities with fixed maturities		**253,640**	**367,061**	**39,836**	**42,810**	**205,304**	**-**	**908,651**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	2,425	2,425
Other liabilities	30	-	-	-	-	-	82,334	82,334
Accrued expenses and prepaid income	31	-	-	-	-	-	9,302	9,302
Equity		-	-	-	-	-	30,221	30,221
Total liabilities and equity		**253,640**	**367,061**	**39,836**	**42,810**	**205,304**	**124,282**	**1,032,933**

Note 45
Maturity analysis for assets and liabilities *(cont.)*

Parent company

Remaining maturity

DKKm, 31 Dec 2010	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		3,213	-	-	-	-	-	3,213
Loans to credit institutions	13	25,455	118,926	3,007	840	209	-	148,437
Loans to the public	13	86,295	114,376	12,130	48,641	99,672	-	361,114
Interest bearing securities	14	-	32,159	64,909	23,946	39,107	-	160,121
Financial instruments pledged as collateral	15	-	9,919	12,669	4,674	7,634	-	34,896
Shares	16	-	-	-	-	-	16,392	16,392
Derivatives	17	-	4,092	252	136	151	-	4,631
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	1	24	174	106	-	305
Total assets with fixed maturities		**114,963**	**279,473**	**92,991**	**78,411**	**146,879**	**16,392**	**729,109**
Non-financial assets	11, 19, 20, 21, 22, 23, 24, 33	-	-	-	-	-	21,374	21,374
Other assets	25	-	-	-	-	-	138,455	138,455
Prepaid expenses and accured income	26	-	-	-	-	-	3,323	3,323
Total assets		**114,963**	**279,473**	**92,991**	**78,411**	**146,879**	**179,544**	**892,261**
Deposits by credit institutions	27	68,295	199,926	9,679	-	-	-	277,900
Deposits and borrowings from the public	28	202,377	93,564	2,933	757	48,389	-	348,020
- of which Deposits		202,140	51,251	2,933	757	48,389	-	305,470
- of which Borowings		237	42,313	-	-	-	-	42,550
Debt securities in issue	29	-	-	-	-	-	-	-
- of which Debt securities in issue		-	-	-	-	-	-	-
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,013	950	1,773	341	-	7,077
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	-	-	-	-	-	-
Subordinated liabilities	34	-	-	-	8,013	1,491	-	9,504
Total liabilities with fixed maturities		**270,672**	**297,503**	**13,562**	**10,543**	**50,221**	**-**	**642,501**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	2,924	2,924
Other liabilities	30	-	-	-	-	-	219,455	219,455
Accrued expenses and prepaid income	31	-	-	-	-	-	3,750	3,750
Equity		-	-	-	-	-	23,631	23,631
Total liabilities and equity		**270,672**	**297,503**	**13,563**	**10,543**	**50,221**	**249,760**	**892,261**

Note 45
Maturity analysis for assets and liabilities *(cont.)*

Parent company

Remaining maturity

DKKm, 31 Dec 2009	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		2,799	-	-	-	-	-	2,799
Loans to credit institutions	13	11,153	132,063	5,617	469	279	-	149,581
Loans to the public	13	90,881	128,016	14,091	46,722	89,054	-	368,764
Interest bearing securities	14	-	44,460	32,496	18,393	64,366	-	159,715
Financial instruments pledged as collateral	15	-	32,171	19,790	11,201	35,622	-	98,784
Shares	16	-	-	-	-	-	16,079	16,079
Derivatives	17	-	3,326	676	124	96	-	4,222
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	2	31	165	112	-	310
Total assets with fixed maturities		**104,833**	**340,038**	**72,701**	**77,074**	**189,530**	**16,079**	**800,254**
Non-financial assets	11, 20, 21, 22, 23, 24	-	-	-	-	-	14,037	14,037
Other assets	25	-	-	-	-	-	102,930	102,930
Prepaid expenses and accured income	26	-	-	-	-	-	7,178	7,178
Total assets		**104,833**	**340,038**	**72,701**	**77,074**	**189,530**	**140,224**	**924,399**
Deposits by credit institutions	27	47,438	278,549	15,289	1,480	-	-	342,756
Deposits and borrowings from the public	28	196,618	68,092	4,718	467	45,447	-	315,340
- of which Deposits		196,618	31,788	4,261	467	45,447	-	278,581
- of which Borrowings		-	36,304	455	-	-	-	36,759
Debt securities in issue	29	-	-	11,151	-	-	-	11,151
- of which Debt securities in issue		-	-	11,151	-	-	-	11,151
- of which Other		-	-	-	-	-	-	-
Derivatives	17	-	4,490	444	867	279	-	6,080
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	2	71	9	-	-	82
Subordinated liabilities	34	-	-	-	7,255	2,233	-	9,488
Total liabilities with fixed maturities		**244,056**	**351,133**	**31,671**	**10,078**	**47,959**	**-**	**684,897**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	2,410	2,410
Other liabilities	30	-	-	-	-	-	210,128	210,128
Accrued expenses and prepaid income	31	-	-	-	-	-	4,699	4,699
Equity		-	-	-	-	-	22,265	22,265
Total liabilities and equity		**244,056**	**351,133**	**31,671**	**10,078**	**47,959**	**239,502**	**924,399**

Note 46
Related-party transactions

The information below is presented from a Bank Group and NBD perspective, meaning that the information shows the effect from related party transactions on the Bank Group and NBD figures.

Group

	Shareholders with significant influence		Other Nordea Group Companies		Associated undertakings		Other related parties[1]	
DKKm	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets								
Loans	1,471	15,943	35,529	10,769	884	260	0	5
Interest-bearing securities	-	-	2,617	3,004	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	0	0	587	1,151	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Total assets	**1,471**	**15,943**	**38,733**	**14,924**	**884**	**260**	**0**	**5**
Liabilities								
Deposits	946	34,270	200,310	141,373	301	330	112	89
Debt securities in issue	7,542	-	32,774	7,209	-	-	-	-
Derivatives	-	0	3,918	2,845	-	-	-	-
Subordinated liabilities	9,504	9,488	-	-	-	-	-	-
Total liabilities	**17,992**	**43,758**	**237,002**	**151,427**	**301**	**330**	**112**	**89**
Off balance								
Contingent liabilities	-	-	-	40	10	10	-	-
Net interest income and interest expense								
Interest income	60	89	60	100	18	0	0	0
Interest expense	-388	-492	-1,225	-1,641	-1	-3	-1	-2
Net interest income and expense	**-328**	**-403**	**-1,165**	**-1,541**	**17**	**-3**	**-1**	**-2**

[1] Companies significantly influenced by key management personnel in Nordea Group as well as companies significantly influenced by close family members to these key management personnel are considered to be related parties to Nordea. Transactions with related companies are made in Nordea's and the related companies' ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing. They did not involve more than normal risk-taking. The transactions are therefore not included in the table.

Note 46
Related-party transactions *(cont.)*

Parent company

DKKm	Group undertakings 31 Dec 2010	Group undertakings 31 Dec 2009	Other Nordea Group Companies[1] 31 Dec 2010	Other Nordea Group Companies[1] 31 Dec 2009	Associated undertakings 31 Dec 2010	Associated undertakings 31 Dec 2009	Other related parties 31 Dec 2010	Other related parties 31 Dec 2009
Assets								
Loans	83,229	63,072	39,162	25,267	255	260	0	0
Interest-bearing securities	57,896	60,819	2,617	3,004	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	-	-	587	1,151	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Investments in group undertakings	-	-	-	-	-	-	-	-
Total assets	**141,125**	**123,891**	**42,366**	**29,422**	**255**	**260**	**0**	**0**
Liabilities								
Deposits	39,173	21,990	201,256	175,644	301	330	112	89
Debt securities in issue	-	-	-	-	-	-	-	-
Derivatives	-	-	3,918	2,856	-	-	-	-
Subordinated liabilities	-	-	9,504	9,488	-	-	-	-
Total liabilities	**39,173**	**21,990**	**214,678**	**187,988**	**301**	**330**	**112**	**89**
Off balance[2]								
Contingent liabilities	94,478	100,184	0	40	10	10	-	-
Net interest income and interest expense								
Interest income	304	423	96	99	0	0	-	0
Interest expenses	-203	-345	-1,153	-1,778	-1	-3	-1	-2
Net interest income and expense	**101**	**78**	**-1,057**	**-1,679**	**-1**	**-3**	**-1**	**-2**

[1] Including figures for shareholders with significant influence.

[2] Nordea Bank Danmark A/S provides on an ongoing basis 5-year and 10-year guarantees in favour of its wholly-owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 71,061m at end 2010 (DKK 71,528m).

Compensation and loans to Board of Directors and the Executive Management (Key management personnel)
Compensation and loans to Board of Directors and the Executive Management are specified in Note 12.

Related-party transactions (arms length basis)
Material transactions recognised during 2010 between Nordea Bank Danmark A/S and group companies include the following:

- Services rendered to Nordea Bank Finland Plc regarding trading, sale, controlling and settlement of financial instruments.
- Derivates with Nordea Bank Finland Plc for hedging market and credit risk.
- Services regarding IT activities and liquidity management with Nordea Bank AB (publ.), Nordea Bank Norge ASA and Nordea Bank Finland Plc.

Otherwise, Nordea Bank Danmark's activities with companies in the Nordea Group include lending, deposits, debt securities in issue, trading in securities, derivatives, guarantees etc as part of its normal banking business.

Note 47
The Danish Financial Supervisory Authority's ratio system

%	2010	2009	2008	2007	2006
	Nordea Bank Danmark Group				
Capital ratios[1]					
Total capital ratio	9.0	9.6	8.6	9.2	9.8
Tier 1 capital ratio	6.8	7.1	6.5	6.9	7.1
Earnings					
Pre-tax return on equity	14.4	7.3	12.0	19.7	26.1
Post-tax return on equity	11.0	4.8	9.1	15.1	19.2
Income/cost ratio (not %)	1.33	1.14	1.36	1.72	1.98
Market risk					
Interest rate risk/tier 1 capital	1.9	5.3	2.1	0.9	2.4
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	2.2	2.3	1.6	0.8	2.8
Indicator 2/tier 1 capital	0.0	0.0	0.0	0.0	0.0
Liquidity					
Excess cover relative to statutory liquidity requirements	84.6	128.2	59.3	113.3	116.8
Credit risk					
Total amount of large exposures/capital base	73.6	91.0	68.7	70.7	89.4
Impairment ratio	1.3	1.0	0.5	0.4	0.5
Impairment ratio for the year	0.2	0.5	0.2	0.0	-0.1
Growth in loans and receivables for the year/loans and receivables at beginning of year	1.4	9.2	15.0	10.2	15.4
Gearing of loans and receivables relative to equity at end of year (not %)	20.6	22.2	20.3	18.0	17.3

%	2010	2009	2008	2007	2006
	Nordea Bank Danmark A/S				
Capital ratios[1]					
Total capital ratio	10.1	11.2	9.4	9.9	10.2
Tier 1 capital ratio	7.3	8.2	7.0	7.4	7.3
Earnings					
Pre-tax return on equity	11.6	4.8	8.9	17.9	27.2
Post-tax return on equity	9.1	2.6	6.6	13.3	20.4
Income/cost ratio (not %)	1.2	1.1	1.2	1.6	1.9
Market risk					
Interest rate risk/tier 1 capital	2.0	5.2	2.1	0.9	2.6
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	2.7	1.8	1.1	0.7	2.7
Indicator 2/tier 1 capital	0.1	0.0	0.0	0.0	0.0
Liquidity					
Loans and receivables+impairment charges/deposits	106.0	134.8	119.0	112.3	113.8
Excess cover relative to statutory liquidity requirements	107.5	128.2	84.8	144.0	145.6
Credit risk					
Total amount of large exposures/capital base	72.6	82.9	77.6	81.7	92.8
Impairment ratio	1.8	1.3	0.7	0.5	0.6
Impairment ratio for the year	0.4	0.7	0.3	0.1	-0.2
Growth in loans and receivables for the year/loans and receivables at beginning of year	-2.1	5.8	18.6	9.2	17.7
Gearing of loans and receivables relative to equity at end of year (not %)	15.3	16.6	15.1	9.9	10.0

[1] Including transition rules.

Note 48
Acquisitions

Nordea acquired Fionia Bank on November 30, 2009. The provisional purchase price allocation has been adjusted in 2010 to reflect new information about facts that existed at the acquisition date related to the tax situation in Fionia and also to reflect adjustments to the final purchase price paid. Nordea has reduced the value of tax losses carry forward the Group is estimated to utilize. The original and adjusted Purchase Price Allocation (PPA) is disclosed below.

DKKm	Original PPA	Adjustm.	Final PPA
Loans	9,349	17	9,366
Other assets	655	27	682
Deposits from the public	-8,869	8	-8,861
Other liabilities	-443	-	-443
Acquired net assets	**692**	**52**	**744**
Cost of combination	**2,401**	**63**	**2,464**
Surplus value	1,709	11	1,720
Allocation of surplus value			
Customer intangible	380	0	380
Deferred tax asset	393	-229	164
Goodwill	**936**	**240**	**1,176**

Note 49
Credit risk disclosures

Group
Credit risk management and credit risk analysis etc is described in the Risk, liquidity and capital management section pages 8-19 of the Board of Directors´ Report. Additional information on credit risk is also disclosed in the Capital and Risk management Report (Pillar 3) 2010, which is available at www.nordea.com. Much of the information in this note is collected from the Pillar 3 report in order to fulfil the disclosure requirement regarding credit risk in the Annual report.

The Pillar 3 report contains the disclosures required by the Capital Requirements Directive (CRD), which is based on the Basel II framework. The pillar 3 disclosure is aligned to how Nordea manages credit risk and is believed to be the best way to explain the credit risk exposures in Nordea. Credit risk exposures occur in different forms and are divided into the following types:

Exposure types

DKKm	31 Dec 2010	31 Dec 2009
On-balance sheet items	695,037	645,182
Off-balance sheet items	90,203	81,807
Securities financing	3,941	2,508
Derivatives	3,169	13,572
Exposure At Default (EAD)	**792,349**	**743,069**

Tables presented in this Note, containing exposure, are presented as Exposure At Default (EAD). EAD is the exposure after applying credit conversion factors (CCF).

Exposure classes split by exposure type

31 Dec 2010, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	29,522	903	850	0	31,276
Institutions	78,361	2,084	514	2,734	83,693
Corporate	237,032	57,488	2,577	432	297,529
Retail	336,618	29,701	-	2	366,321
Other	13,504	26	-	-	13,530
Total exposure	**695,037**	**90,203**	**3,941**	**3,169**	**792,349**

Exposure classes split by exposure type

31 Dec 2009, DKKm	On-balance sheet items	Off-balance sheet items	Securities financing	Derivatives	Total exposure
Government, local authorities and central banks	45,457	1,012	2,307	37	48,813
Institutions	38,336	2,366	104	13,260	54,066
Corporate	236,029	51,477	89	268	287,863
Retail	313,186	26,847	7	7	340,047
Other	12,174	105	1	-	12,280
Total exposure	**645,182**	**81,807**	**2,508**	**13,572**	**743,069**

Note 49
Credit risk disclosures *(cont.)*

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2010, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	40,632	31,276	2,149	-
Institutions	87,474	83,693	-	11
Corporate	389,998	297,529	1,119	104,736
Retail	378,977	366,321	66	267,188
Other	13,924	13,530	-	1
Total exposure	**911,005**	**792,349**	**3,334**	**371,937**

Exposure secured by collaterals, guarantees and credit derivatives

31 Dec 2009, DKKm	Original exposure	EAD	- of which secured by guarantees and credit derivatives	- of which secured by collateral
Government, local authorities and central banks	59,268	48,813	-	-
Institutions	55,778	54,066	3,735	7
Corporate	391,346	287,863	975	97,053
Retail	353,441	340,047	335	251,031
Other	12,784	12,280	-	1,272
Total exposure	**872,617**	**743,069**	**5,045**	**349,363**

Collateral distribution

	31 Dec 2010	31 Dec 2009
Other Physical Collateral	3%	3%
Receivables	0%	0%
Residential Real Estate	71%	72%
Commercial Real Estate	25%	24%
Financial Collateral	1%	1%

Restructured loans

DKKm	31 Dec 2010	31 Dec 2009
Loans before restructuring, carrying amount	-	143
Loans after restructuring, carrying amount	-	75

Assets taken over for protection of claims[1]

DKKm	31 Dec 2010	31 Dec 2009
Current assets, carrying amount:		
Land and buildings	181	90
Shares and other participations	80	14
Total	**261**	**104**

[1] In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Act. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are at the latest, disposed when full recovery is reached.

Credit risk disclosures *(cont.)*

Past due loans, excl. impaired loans

	31 Dec 2010		31 Dec 2009	
DKKm	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	5,935	1,578	3,925	394
31-60 days	2,713	145	861	180
61-90 days	384	187	148	1,232
>90 days	1,093	936	1,711	1,443
Total	**10,125**	**2,846**	**6,645**	**3,249**
Past due not impaired/loans in %	2.53	1.04	1.67	1.28

Loans to corporate customers, by size of loan

DKKm		31 Dec 2010	%	31 Dec 2009	%
0-10	(EURm)	159,228	39.8	147,086	37.0
10-50	(EURm)	48,679	12.2	52,605	13.3
50-100	(EURm)	26,152	6.5	34,425	8.7
100-250	(EURm)	54,325	13.6	46,601	11.7
250-500	(EURm)	34,504	8.6	53,335	13.4
500-	(EURm)	77,382	19.3	63,018	15.9
Total		**400,270**	**100**	**397,069**	**100**

Interest-bearing securities

	31 Dec 2010		31 Dec 2009	
DKKm	At fair value	At amortised cost	At fair value	At amortised cost
State and sovereigns	37,915	-	28,500	-
Municipalities and other public bodies	11	-	137	-
Mortgage institutions	32,179	16,598	29,741	17,396
Other credit institutions	9,170	-	9,266	-
Corporates	3,960	-	7,592	-
Total	**83,235**	**16,598**	**75,236**	**17,396**

NBD's portfolio of interest-bearing securities mainly consist of high graded securities.

Proposed distribution of earnings

According to the Parent company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

DKKm	
Retained earnings	16,532
Net profit for the year	2,099
Total	**18,631**

The Board of Directors proposes that the 2010 earnings are distributed as follows:

DKKm	
Dividends paid to the shareholders	3,350
To be carried forward	15,281
Total	**18,631**

The Parent company's distributable earnings amount to DKK 18,631m. After the proposed distribution of earnings, the Parent company's unrestricted shareholders' equity amounts to DKK 15,281m.

Statement by the Board of Directors and the Executive Management

The Board of Directors and the Executive Management have today discussed and approved the annual report of Nordea Bank Danmark A/S for the financial year 2010.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of financial companies. It is our opinion that the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2010.

Further, in our opinion, the Directors' report provides a fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and financial position and describes the material risks and uncertainties affecting the Group and the parent company.

We propose to the Annual General Meeting that the annual report should be adopted.

Stockholm, 10 February 2011

Board of Directors

Ari Kaperi (Chairman)

Fredrik Rystedt

Gunn Wærsted

Anne Rømer

Executive Management

Peter Schütze (Chairman)

Peter Lybecker

Michael Rasmussen

Independent auditors' report

To the shareholders of Nordea Bank Danmark A/S

We have audited the consolidated financial statements and parent company financial statements of Nordea Bank Danmark A/S for 2010, pages 21-110. The consolidated financial statements and parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes for the Group as well as for the parent company. The consolidated financial statements and parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies. In addition to our audit, we have read the Directors' report in accordance with Danish disclosure requirements for financial companies and issued a statement in this regard.

Management's responsibility

Management is responsible for the preparation and fair presentation of consolidated financial statements and parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Directors' report that gives a fair review in accordance with Danish disclosure requirements for financial companies.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2010 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2010 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Directors' report. We have not performed any other procedures in addition to the audit of the consolidated financial statements and parent company financial statements. On this basis, it is our opinion that the information given in the Directors' report is consistent with the consolidated financial statements and parent company financial statements.

Copenhagen, 10 February 2011

KPMG
Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
State Authorised Public Accountant

Anders Duedahl-Olesen
State Authorised Public Accountant

Management

Board of Directors of Nordea Bank Danmark

Ari Kaperi
(Chairman and chairman of the audit committee)
No external appointments

Fredrik Rystedt
No external appointments

Gunn Wærsted
No external appointments

Anne Rømer
(Member of the audit committee)
No external appointments

Executive Management of Nordea Bank Danmark

Peter Schütze
Internal appointments
A member of Nordea Bank AB's Group Executive Management and Head of Nordic Banking.

External appointments
Chairman of the Board of Directors of ICC Danmark.
Deputy Chairman of the Board of Directors of the Danish Bankers Association.
A member of the Board of Directors of Copenhagen Business School.
A member of the Board of Directors of Nordea-fonden.
A member of the Boards of Directors of Danmark-Amerika Fondet, Tietgenfonden and Gösta Enboms Fond.

Peter Lybecker
Internal appointments
Head of Segment Corporate.
Chairman of the Board of Directors of Fionia Asset Company A/S.
Deputy Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
A member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland Ltd.
A member of the Board of Directors of Pensionskassen for direktører i Sparekassen SDS.

External appointments
Chairman of the Board of Directors of Nets Holding A/S.
Deputy Chairman of the Boards of Directors of Multidata Holding A/S and Multidata A/S.
Chairman of the Board of Directors of the Copenhagen Institute for Futures Studies.
A member of the Boards of Directors of the Danish Securities Council and Insead International Council.

Michael Rasmussen
Internal appointments
A member of Nordea Bank AB's Group Executive Management and Head of Banking Products & Group Operations and Head of New European Markets.
Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
Chairman of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland Ltd.
A member of the Board of Directors of OJSC Nordea Bank.

External appointments
Chairman of the Boards of Directors of the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets.
A member of the Board of Directors of LR Realkredit A/S.
A member of the Boards of Directors of Multidata Holding A/S and Multidata A/S.
A member of the Board of Directors of Karl Pedersens og Hustrus Industrifond.
A member of the Board of Directors of Danmarks Skibskredit A/S.

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